

Case 20-33948 Document 563-1 Filed in TXSB on 11/21/20 Page 287 of 438

Exhibit B

Atlantic Contract

MASTER DOMESTIC OFFSHORE DAYWORK DRILLING CONTRACT

between

**FIELDWOOD ENERGY LLC
(OPERATOR)**

and

ATLANTIC MARITIME SERVICES LLC

dated

October 24, 2018
24

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A handwritten signature in black ink, appearing to be a stylized 'R' or similar letter, located in the bottom right corner of the page.

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MASTER DOMESTIC OFFSHORE DAYWORK DRILLING CONTRACT

THIS MASTER DOMESTIC OFFSHORE DAYWORK DRILLING CONTRACT (the "Master Contract") is made between **FIELDWOOD ENERGY LLC** ("Operator"), a limited liability company organized under the laws of Delaware with an office located at 2000 W. Sam Houston Pkwy South, Suite 1200, Houston, Texas 77042, and **ATLANTIC MARITIME SERVICES LLC** ("Contractor"), a limited liability company organized under the laws of Delaware with an office located at 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056. Operator and Contractor may sometimes be individually referred to in this Contract as a "Party" and collectively as the "Parties".

WHEREAS, Operator desires to have one or more offshore wells drilled, recompleted, sidetracked or worked over in the Operating Area, as defined herein, and to have performed or carried out all auxiliary operations and services as detailed in the Appendices hereto or as Operator may require; and

WHEREAS, Contractor is willing to furnish the drilling unit named in the applicable Drilling Order, appurtenances, apparel, furniture, stores and consumables, together with drilling and other equipment included with such drilling unit, personnel, and insurance, all as detailed in the Contract, for the purpose of drilling the well or wells detailed in the applicable Drilling Order and performing said auxiliary operations and services for Operator as provided in this Contract

NOW THEREFORE, for and in consideration of the mutual covenants and agreements as set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I - INTERPRETATION

101. Definitions

In this Contract, unless the context otherwise requires, the following clauses shall have the meaning specified below and may be used in the singular or plural:

- (a) "Affiliated Company" means a company owning 50% or more of the stock or voting rights of Operator or Contractor, a company in which Operator or Contractor owns 50% or more of its stock or voting rights, or a company 50% or more of whose stock or voting rights is owned by the same company that owns 50% or more of the stock or voting rights of Operator or Contractor.
- (b) "BOE" shall mean the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement and its or their successor agencies.
- (c) "Commencement Date" shall have the meaning ascribed to such term in the Drilling Order.
- (d) "Contract" means this Master Contract including the attached Appendices A, B, C and D and Schedules A-1, A-2 and A-3 attached to Appendix A and any Drilling Order (including any appendices and schedules attached to such Drilling Order) which is signed by the Parties or their respective Affiliated Companies and incorporates this Master Contract.
- (e) "Contractor" shall have the meaning assigned to it in the preamble above; provided that for purposes of any Drilling Order which identifies one of Contractor's Affiliated Companies as the "Contractor", all references to "Contractor" in the Contract shall mean



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such Affiliated Company. Any provision in this Contract relieving Contractor of liability or responsibility or defending, indemnifying or insuring Contractor shall be deemed to provide for identical relief, and/or indemnification, and/or insurance, as applicable, in favor of: (1) the Drilling Unit and its legal and beneficial owners regardless of whether in rem or in personam, (2) Contractor and Contractor's Affiliated Companies and each of their respective contractors and subcontractors of any tier and suppliers (including suppliers of the Drilling Unit's component parts such as the blowout preventer unit ("BOP") and the top-drive unit regardless of whether such component parts are aboard the Drilling Unit as of the Drilling Order Effective Date or come aboard after the Drilling Order Effective Date), and (3) each of their respective directors, officers, employees, servants, representatives, agents, and insurers.

- (f) "Contractor's Items" means, as to any particular Drilling Order, the Drilling Unit, equipment, material, tools, appliances, supplies, instruments and services provided by Contractor or its subcontractors of any tier, including those which are listed in Schedules A-1 and A-3 to such Drilling Order that are furnished by Contractor.
- (g) "Contractor's Personnel" means, as to any particular Drilling Order, all employees, crewmembers, contractors and subcontractors (of any tier) and other persons provided by or on behalf of Contractor or Contractor's Affiliated Companies from time to time to conduct operations under such Drilling Order, including those personnel listed in Schedule A-2 to such Drilling Order, and includes all employees, crewmembers, contractors and subcontractors (of any tier) and other persons provided by Contractor's subcontractors.
- (h) "Designated Well" means the well or wells to be drilled, recompleted, sidetracked or worked over in the Operating Area and specified in the applicable Drilling Order.
- (i) "Drilling Order" means the written agreement that sets forth the specific work to be performed, and the specifications and conditions for conducting such work, and that incorporates all or part of this Master Contract and is entered into by Contractor and Operator or one of their respective Affiliated Companies, from time to time. Each Drilling Order shall be in a form substantially similar to Appendix A and the other appendices and schedules attached hereto and made a part hereof, or any other form the Parties may mutually agree upon in writing. More than one Drilling Order may be effective at a time.
- (j) "Drilling Site" shall be defined as the area within a 1000-foot radius of the Designated Well.
- (k) "Drilling Unit" means Contractor's drilling unit, the specification of which is detailed in the Drilling Order and as named in the Drilling Order and all associated equipment provided by Contractor or its subcontractors of any tier.
- (l) "Gross Negligence" means any act or failure to act (whether sole, joint or concurrent) by any person or entity in reckless disregard of and/or conscious indifference to, harmful consequences which such person or entity knew, or should have known, would occur to persons, property or the environment as a result of such act or failure to act.
- (m) "Operating Area" means the area in federal or state waters specified in the applicable Drilling Order in which Operator is entitled to conduct drilling operations.

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- (n) "Operating Base" means the place onshore designated by Operator and specified in the applicable Drilling Order.
- (o) "Operator" shall have the meaning assigned to it in the preamble above; provided that for purposes of any Drilling Order which identifies one of Operator's Affiliated Companies as the "Operator", all references to "Operator" in the Contract shall mean such Affiliated Company. Any provision in this Contract relieving Operator of liability or responsibility or defending, indemnifying or insuring Operator shall be deemed to provide for identical relief, and/or indemnification, and/or insurance, as applicable, in favor of Operator and Operator's co-lessees, co-owners, partners, joint or co-venturers and Affiliated Companies, and each of their respective directors, officers, employees, servants, representatives, agents, and insurers.
- (p) "Operator's Items" means, as to any particular Drilling Order, the equipment, materials, tools, appliances, supplies, instruments, services and vessels and their appurtenances provided by Operator, including but not limited to those which are listed in Schedule A-3 to the Drilling Order, that are furnished by Operator specifically for wells and operations contemplated under this Contract.
- (q) "Operator's Personnel" means, as to any particular Drilling Order, all employees and crew members of Operator provided from time to time to conduct operations under such Drilling Order and/or related to the Designated Well. In addition, to the extent a Third Party Contractor does not execute the cross indemnification and waiver in favor of Contractor as specified in Paragraph 915 of this Contract, Operator's Personnel will also include such Third Party Contractor and all members of the applicable Third Party Contractor Group.
- (r) "Operator's Representative" shall have the meaning ascribed to such term in Paragraph 603 of this Contract.
- (s) "Personnel" means, as to any particular Drilling Order, Contractor's Personnel and/or Operator's Personnel, as applicable.
- (t) "Termination Date" shall have the meaning ascribed to such term in the Drilling Order.
- (u) "Third Parties" means all persons and entities other than Contractor, Operator, Contractor's Personnel or Operator's Personnel.
- (v) "Third Party Contractor" shall mean any contractor (other than Contractor or any of Contractor's Personnel) used or employed by Operator to perform work for Operator at the Drilling Site.
- (w) "Third Party Contractor Group" shall mean Third Party Contractors and their respective Affiliated Companies, its and their respective subcontractors of any tier, together with its and all of their respective officers, directors, employees, in-house legal counsel, agents, representatives and invitees and the respective successors, spouses, relatives, dependents, heirs and estate of any of the foregoing.
- (x) "Willful Misconduct" means any act or failure to act taken with actual knowledge that such act or failure to act will result in injury to persons or damage to property or the environment.



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102. Currency

In this Contract or any Drilling Order resulting from this Contract, all amounts expressed in dollars are stated in United States currency.

103. Conflicts

The Appendices and Schedules attached hereto are incorporated herein by reference. However, if there are any provisions of the Schedules or Appendices (with the exception of the Drilling Order) that conflict with the body of this Contract, then the provisions in the body of this Contract shall prevail. For the avoidance of doubt, the Drilling Order shall prevail over this Contract and the attached appendices and schedules in the event of a conflict.

104. Headings

The paragraph headings herein shall not be considered in interpreting the text of this Contract.

105. Contractor's Status and Statutory Employee

(a) Contractor Status - Contractor shall be an independent contractor with respect to performance of all work hereunder. Operator shall have no direction or control of Contractor or Contractor's Personnel except in the results to be obtained.

(b) Statutory Employee - In the event the Work is being performed in or offshore Louisiana, and/or the Louisiana Workers' Compensation Act may be applicable, and/or the laws of the State of Louisiana govern this Contract, the Parties recognize, acknowledge and agree as follows:

(1) The Work performed by Contractor pursuant to the Contract is part of Operator's trade, business or occupation. As such, Contractor's work constitutes an integral part of Operator's business necessary to generate Operator's goods, products and services. The Parties recognize Operator as the statutory employer of the employees of Contractor and its subcontractors (of any tier), if any, whether direct, statutory, borrowed, or otherwise, and Contractor shall ensure that all of its subcontracts contain the same provisions as this Paragraph 105(b).

(2) Operator's legal status as a statutory employer in no way affects the Contractor's status as an independent contractor, nor does it give Operator the right to direct or control the operations of the Contractor, its subcontractors or their employees and agents, except as to the results to be obtained under the Contract.

106. Governing Law

THIS CONTRACT SHALL BE CONSTRUED AND THE RELATIONS BETWEEN THE PARTIES DETERMINED EXCLUSIVELY IN ACCORDANCE WITH THE GENERAL MARITIME LAW OF THE UNITED STATES, NOT INCLUDING ANY OF ITS CONFLICTS OF LAW RULES WHICH WOULD DIRECT OR REFER TO THE LAWS OF ANOTHER JURISDICTION. IN THE EVENT THAT THE GENERAL MARITIME LAW OF THE UNITED STATES IS DETERMINED BY A COURT NOT TO BE APPLICABLE, THEN THE PARTIES AGREE AND STIPULATE THAT THIS CONTRACT AND THE RELATIONSHIP OF THE PARTIES SHALL BE GOVERNED BY THE LAW OF THE STATE IN WHICH THE WORK IS PERFORMED (OR OF THE ADJACENT STATE, IF THE WORK IS PERFORMED ON THE OUTER CONTINENTAL SHELF OF THE UNITED STATES), NOT INCLUDING,



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HOWEVER, ITS CONFLICTS OF LAW RULES WHICH MIGHT OTHERWISE REFER TO THE LAW OF ANOTHER FORUM OR JURISDICTION; PROVIDED, HOWEVER, THAT NO LAW, THEORY OR POLICY SHALL BE GIVEN EFFECT WHICH WOULD UNDERMINE, DIMINISH OR REDUCE THE EFFECTIVENESS OF THE WAIVER OF CONSEQUENTIAL DAMAGES PROVIDED IN PARAGRAPH 912, IT BEING THE EXPRESS INTENT, UNDERSTANDING AND AGREEMENT OF THE OPERATOR AND CONTRACTOR THAT SUCH WAIVER IS TO BE GIVEN THE FULLEST EFFECT, "REGARDLESS OF FAULT" (AS SUCH TERM IS DEFINED IN PARAGRAPH 901(c) OF THIS CONTRACT.

ARTICLE II - TERM

201. Effective Date

The Parties shall be bound by this Master Contract as of the date the Master Contract is executed by both Parties (hereinafter referred to as "Master Contract Effective Date"). The Parties shall be bound by the applicable Drilling Order as of the date such Drilling Order is executed by both Parties (hereinafter referred to as "Drilling Order Effective Date").

202. Duration

This Master Contract shall be effective as of the Master Contract Effective Date and shall continue in force until terminated in accordance with the provisions hereof. As a master domestic offshore daywork drilling contract, with respect to potential future work not then the subject of a Drilling Order, this Contract may be terminated prospectively by either Party at any time without cause and without liability upon thirty (30) days' prior written notice to the other Party (subject to Paragraph 205 herein); provided, however, the terms and provisions of this Master Contract shall continue to apply to all Drilling Orders then in existence, and neither Party shall by reason of such prospective termination of this Master Contract be relieved of its respective obligations and liabilities theretofore or thereafter arising from or incident to work performed under any existing Drilling Order. Subject to Paragraphs 203 and 204 below, the duration of any Drilling Order shall be for the term specified in the applicable Drilling Order.

203. Termination

A Drilling Order shall terminate upon the occurrence of any of the following conditions; provided that the Termination Date will have the meaning ascribed in the Drilling Order:

- (a) If the Drilling Unit becomes a total loss. In the event of actual total loss, the Termination Date shall be the date of actual loss. In the event of a constructive total loss, the Termination Date shall be the date of the casualty which results in the constructive total loss as reasonably determined by Contractor's underwriters or marine surveyor; provided, however, for purposes of the Drilling Order, a constructive total loss will be deemed to have occurred when the Drilling Unit is permanently damaged to such an extent that it is unable to resume drilling operations in a manner consistent with drilling operations conducted prior to such constructive total loss. Operator's obligation to pay any compensation under a particular Drilling Order and the Contract will terminate as of the date of total loss (actual or constructive).
- (b) Upon completion of the term of the Contract specified in the Drilling Order; provided that if such term is for a designated period of time or expires on a designated date and at the



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end of such period or upon expiration of such date operations are then being conducted on a Designated Well, the Drilling Order shall terminate as soon thereafter as such operations are completed;

- (c) In accordance with Paragraph 707.
- (d) In the event Contractor's Drilling Unit should fail to pass any federal or state inspection or requirement or fails to disclose the information requested in Paragraph 502(c), either of which precludes Contractor from conducting drilling operations under the Contract, and Contractor does not cure such failure within fifteen (15) days, then Operator shall have the right to immediately terminate the Contract and in such event Operator shall be solely responsible to Contractor for the compensation due to Contractor under this Contract up to the date of such termination, plus demobilization as set forth in the Contract and no further compensation shall be due to Contractor following such termination.
- (e) In the event of unreasonably slow progress, carelessness, unsafe operations, inattention or incompetence in the performance of work hereunder and/or any applicable Drilling Order or any default by Contractor of this Contract and/or any applicable Drilling Order, Operator shall provide written notice to Contractor of its reasonable dissatisfaction or of such default. Contractor shall have fifteen (15) days following its receipt of such notice to cure such dissatisfaction or default. Should Contractor fail to cure such dissatisfaction or default within such fifteen (15) day period then Operator shall have the right to immediately terminate the Contract and any applicable Drilling Order and in such event Operator shall be solely responsible to Contractor for the compensation due to Contractor under this Contract and any applicable Drilling Order up to the date of such termination, plus demobilization as set forth in the Contract and no further compensation shall be due to Contractor following such termination.
- (f) In the event a breakdown or substantial damage to the Drilling Unit or any of Contractor's Items has occurred which precludes Contractor from conducting drilling operations under this Contract and/or any applicable Drilling Order and Contractor does not cure such failure within fifteen (15) days then Operator shall have the right to immediately terminate the Contract and any applicable Drilling Order and in such event Operator shall be solely responsible to Contractor for the compensation due to Contractor under this Contract and any applicable Drilling Order up to the date of such termination, plus demobilization as set forth in the Contract and no further compensation shall be due to Contractor following such termination.
- (g) If Contractor or its parent company becomes insolvent, bankrupt, goes into liquidation, makes an assignment for the benefit of its creditors, makes an arrangement, composition or compromise with its creditors under any applicable laws or has a receiver appointed in respect of the whole or any part of its assets, then Operator shall have the right to immediately terminate the Contract and any applicable Drilling Order and in such event Operator shall be solely responsible to Contractor for the compensation due to Contractor under this Contract and any applicable Drilling Order up to the date of such termination and no further compensation shall be due to Contractor under this Contract or any applicable Drilling Order following such termination.



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- (h) At any time by Operator for convenience upon ten (10) days' advance written notice of termination to Contractor.

204. Option to Extend

Operator may extend the duration of a Drilling Order for an additional period or for additional well or wells in accordance with the Drilling Order.

205. Continuing Obligations

Notwithstanding the termination of this Contract or any Drilling Order, the Parties shall continue to be bound by the obligations and liabilities of this Contract that have been incurred prior to the date of such termination, including but not limited to those set out in Paragraphs 206, 507, 604, 701, and Articles VIII, IX, XI, XII and XIII.

206. Return of Operator's Items

Upon termination of operations under a Drilling Order, Contractor shall return to Operator on board the Drilling Unit, or as directed by Operator at Operator's sole cost, any of Operator's Items which are in Contractor's possession. During offloading of Operator's Items, Operator will not incur additional costs and shall not be responsible for the payment of any rates associated with the use of Contractor's Personnel or Contractor's Items.

ARTICLE III - CONTRACTOR'S PERSONNEL

301. Number, Selection, Hours of Labor and Remuneration

Unless otherwise provided in this Contract or in an applicable Drilling Order, the number, selection, replacement, hours of labor, remuneration and benefits of Contractor's Personnel shall be determined by Contractor and Contractor's Personnel shall be provided by Contractor at Contractor's expense at all times. If Contractor does not provide all personnel as set forth in Schedule A-2 to the applicable Drilling Order and such personnel are not replaced within 48 hours, then the applicable day rate will be reduced in an amount equal to the missing crew member's wages specified in such Schedule A-2.

302. Contractor's Representatives

Contractor shall nominate one of its personnel as Contractor's Representative who shall be named in the applicable Drilling Order and shall be in charge of the remainder of Contractor's Personnel and who shall have full authority to resolve routine day-to-day matters which arise between Operator and Contractor. Contractor's Representative shall be in charge of assuring compliance with all federal, state and local drug testing laws, regulations and requirements which are applicable to any work performed under this Contract and any applicable Drilling Order. Contractor's Representative shall not have the authority to amend the Drilling Order or this Contract.

303. Increase in Contractor's Personnel

Operator may, at any time with Contractor's approval (which shall not be unreasonably withheld or delayed), require Contractor to increase the number of Contractor's Personnel, in which case the day rates provided herein shall be adjusted by an amount equal to the daily sum of the wage rate of each additional Contractor's Personnel specified in Schedule A-2.

304. Replacement of Contractor's Personnel



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Contractor will remove and replace in reasonable time any of Contractor's Personnel if Operator so requests in writing, if in Operator's reasonable opinion, such Contractor Personnel are incompetent, inefficient, conduct themselves in a manner inconsistent with Operator's interests or policies or do not meet the requirements of this Contract and/or any applicable Drilling Order.

305. Qualifications of Contractor's Personnel

Contractor agrees to provide as Contractor's Personnel only persons who are properly qualified, trained, and skilled to perform all material aspects of the jobs for which they are employed by Contractor.

306. Citizenship of Contractor's Personnel

Contractor certifies that none of Contractor's employees and crewmembers who perform work pursuant to this Contract are unauthorized aliens as defined in The Immigration Reform and Control Act of 1986, as amended from time to time, and the rules and regulations promulgated pursuant thereto. Contractor further agrees, if requested, to provide proof of citizenship of Contractor's Personnel who perform work pursuant to this Contract.

307. Contractor's Safety Representative

Contractor shall provide and assign to the Drilling Unit, a properly trained safety and/or medical representative whose responsibilities shall be defined in Appendix A of the applicable Drilling Order, as well as to promote and oversee the overall safety of the work, services, and operations under each Drilling Order and on board the Drilling Unit and to supervise compliance with the applicable laws and safety obligations set forth in this Contract.

ARTICLE IV - CONTRACTOR'S ITEMS

401. Obligation to Supply

Contractor shall provide Contractor's Items and Contractor's Personnel and perform the services to be performed by it in accordance with this Contract and any applicable Drilling Order.

402. Maintain Stocks

Contractor shall be responsible, at its cost, for maintaining adequate stock levels of Contractor's Items and replenishing as necessary in a timely manner to ensure continuous drilling operations.

403. Maintain and Repair Equipment

Contractor shall be responsible for the maintenance and repair of all Contractor's Items and shall provide all spare parts and materials required therefor at Contractor's expense unless otherwise specified in the applicable Drilling Order. Contractor shall, if requested by Operator, also maintain or repair any of Operator's Items on board the Drilling Unit which Contractor is qualified to and can maintain or repair with Contractor's normal complement of personnel and equipment on board the Drilling Unit; provided, however, that Operator shall, at its cost, provide all spare parts and materials required to maintain or repair Operator's Items, and responsibility and liability for furnishing and maintaining such items shall remain with the Operator.

404. Right to Inspect and Reject Equipment

Prior to the Commencement Date, Operator shall have the right at its sole expense to inspect the Drilling Unit and Contractor's Items, including drill pipe. The Drilling Unit and Contractor's Items shall be provided by the Contractor in good and proper operating condition, as necessary to



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perform the work under this Contract and the applicable Drilling Order and in accordance with all applicable rules, regulations and requirements of this Contract. Any modifications which are related to regulatory compliance, as necessary to place the Drilling Unit in good operating condition as required under this Paragraph 404, or as necessary for the performance of the work under this Contract and the applicable Drilling Order shall be for Contractor's account. Operator shall conduct all such inspections in a manner which does not delay the Commencement Date or ongoing operations under the Contract. In the event Operator's inspections result in any such delay of the Commencement Date in excess of the period specified in Appendix A, Operator shall pay Contractor the Standby Rate for the duration of such excess delay.

ARTICLE V - CONTRACTOR'S GENERAL OBLIGATION

501. Contractor's Standard of Performance

This is a contract for drilling services and is not to be construed as a charter of a vessel by Operator. Nothing herein stated is to be construed as a bareboat charter, demise or lease of the Drilling Unit or any other of Contractor's Items. Contractor shall carry out all operations hereunder in a diligent manner and as a prudent drilling contractor on a daywork basis for a specified sum per day as set forth in Article VII and the applicable Drilling Order. Operator or its employees, who have a need to be onboard the Drilling Unit, shall have unlimited access to the Drilling Unit to determine whether work is being performed by Contractor or Contractor's Personnel in accordance with all of the provisions of this Contract and the applicable Drilling Order.

502. Operation and Control of Contractor's Drilling Unit

- (a) Operations under this Contract and the applicable Drilling Order will be performed on a twenty-four (24) hour per day basis, seven (7) days a week. Contractor shall be responsible for the operation and control of the Drilling Unit, including supervising moving operations and positioning on drilling locations and, accordingly, shall have final authority and responsibility for the safety and operation of all systems and all personnel associated with operation of the Drilling Unit and Contractor's Items.
- (b) Contractor shall use and operate Contractor's Items and the Drilling Unit within their normal operating capacities and geographical and operating limits, and such limits imposed by Contractor's insurers.
- (c) Before the commencement of any work, services or operations under this Contract and the applicable Drilling Order, Contractor shall notify Operator in writing of any such operational, geographical or other limitations imposed by Contractor's insurers that preclude the drilling of the Designated Well.

503. Compliance with Operator's Instructions

- (a) Contractor shall comply with all instructions of Operator consistent with the provisions of this Contract and the applicable Drilling Order. Such instructions shall, if Contractor so requires, be confirmed in writing by Operator's Representative. In the event that Operator directs Contractor to perform any work, services or operations under conditions or at locations which exceed the rated capacities or geographical or operational limits of Contractor's Items or the Drilling Unit as such limitations have been provided to Operator

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pursuant to Paragraph 502(c), then Contractor shall immediately so notify Operator of its inability to perform the directed work, services or operations.

- (b) Contractor and Contractor's Personnel shall comply with all applicable federal, state, and local laws, ordinances, rules, regulations and lease or contract provisions regarding pollution, safety and the environment.
- (c) Contractor and/or Contractor's Personnel shall notify Operator immediately of any occurrence or event, arising out of performance under this Contract, which results in a violation of environmental laws.
- (d) Contractor shall comply with Operator's Safety Program as set forth in Appendix C and incorporated by reference and with Operator's Search and Seizure Policy as set forth in Appendix D and incorporated by reference (unless otherwise set forth in a bridging document between the Parties). If Operator's procedures, guidelines or policies are inconsistent with Contractor's own written procedures, guidelines and policies, then the more restrictive of the two shall apply to this Contract and Contractor's performance of work under this Contract and any applicable Drilling Order (unless otherwise set forth in a bridging document between the Parties). This provision constitutes a minimum standard and shall not be construed so as to provide Operator any right of, or actual, control over any of Contractor's safety or other policies or practices.
- (e) To the extent that any work is to be performed pursuant to this Contract and any applicable Drilling Order by or on behalf of Contractor, Contractor agrees that it has or will have, prior to conducting any such work, (i) complied with the applicable Data Integrity Security Administration ("DISA") Compliance Program sponsored by DISA, Inc. (the "DISA Compliance Program") and the ISNetworld Health and Safety Review and Verification Program (the "ISNetworld Program") and, together with the DISA Compliance Program, the "Compliance Programs") and (ii) represents that all of Contractor's Personnel who perform any such work or portion thereof have enrolled in the applicable DISA Compliance Program (either DOT or non-DOT) and ISNetworld Program. Contractor expressly acknowledges and agrees that (i) its failure to comply with the provisions of this Paragraph 503(e) shall be cause for Company to terminate this Contract and Contractor's performance of any work hereunder and under the applicable Drilling Order pursuant to Paragraph 203(e); and (ii) the failure of any of Contractor's Personnel to enroll or maintain its current enrollment in the applicable Compliance Programs shall constitute cause for Company to deny access to such member of Contractor's Personnel or to otherwise require that such member of Contractor Personnel be excluded from the performance of work hereunder and under the applicable Drilling Order.

504. Adverse Weather

Contractor will be responsible for the evaluation and monitoring of current and developing weather conditions and deciding when, in the face of impending adverse weather conditions, to institute precautionary measures in order to safeguard the well, the well equipment, Contractor's Items, Operator's Items and personnel to the fullest possible extent.

505. Drilling Fluids and Casing Program

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Contractor shall follow the Operator's instructions with respect to the drilling fluid and casing program as specified by Operator. Operator shall provide Contractor with these programs reasonably in advance of the spud date of each well to be drilled hereunder and under any applicable Drilling Order.

506. Cutting/Coring Program

Contractor shall save and identify cutting and/or coring samples according to Operator's instructions and place them in containers furnished by Operator.

507. Records to be Kept and Reports to be Furnished by Contractor

- (a) Contractor shall each day keep and furnish to Operator's Representative two (2) signed copies of daily drilling reports in detail on standard IADC-API Daily Drilling Report Forms, or other equivalent form acceptable to Operator. This report shall specifically include details of time breakdown on all operations and a clear description of all operations.
- (b) Contractor shall notify Operator immediately of any accident whatsoever involving injury or death to anyone, and shall furnish to Operator a copy of Contractor's "Employer's First Report of Accident" as soon as possible following any accident resulting in injury or death to any of Contractor's Personnel, Operator's Personnel or Third Parties, during the progress of work, services or operations under this Contract. Contractor shall also furnish to Operator copies of any other non-confidential reports, statements or information, in Contractor's possession which may have a bearing on any accident involving injury or death to anyone. With respect to accidents involving material damage to property of Contractor, Contractor's Personnel, Operator, Operator's Personnel or Third Parties, Contractor shall have the same obligations and duties as required herein for accidents resulting in injury or death.
- (c) Operator shall have a right to all data and information (not to include trade secrets or other information that specifically relates to Contractor's drilling processes and is proprietary and confidential to Contractor) gathered during the drilling of any Designated Well or used in connection with preparing to drill any Designated Well pursuant to this Contract and/or any applicable Drilling Order.

508. Difficulties During Drilling

- (a) In the event of any difficulty which precludes either continued drilling under reasonably normal procedures or the performance of any other operations planned for a Designated Well, Contractor may suspend the work in progress and shall immediately notify the representative of Operator, in the meantime exerting reasonable effort to overcome the difficulty. Contractor shall, if requested by Operator, perform all necessary work to remedy the difficulty, including but not limited to relief well(s) or well control activities subject to Contractor's underwriters approval.
- (b) In the event a well to be drilled under this Contract is a relief well directly related to a Designated Well, any additional premiums assessed by Contractor's insurers shall be for the account of the Operator.
- (c) Contractor and Operator agree that in the event Operator requests Contractor to drill a relief well with the Drilling Unit, under this Contract, at a location other than at or in



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direct relationship to the Designated Well, such operation will be subject to mutually agreed terms and conditions between Contractor and Operator.

509. Well Control Equipment

Contractor shall maintain its blowout and well control equipment listed in Schedules A-1 and A-3 to each Drilling Order in good operating condition at all times and in compliance with all applicable rules and regulations, including, but not limited to API standards and recommendations, the rules and regulations of the BOE and shall use all reasonable means to control and prevent fires and blowouts and to protect the hole. Contractor shall test blowout preventer assemblies, surface control equipment and accessories, such as flow line, valves, choke manifolds and connections, to pressures specified by Operator, but within the manufacturer's equipment ratings and in compliance with all applicable rules and regulations, including, but not limited to the rules and regulations of the BOE. Contractor shall use reasonable diligence to (a) keep the hole and all strings of casing filled with drilling mud at all times and (b) use (and maintain in good working order) all alarm equipment furnished by Operator.

510. Inspection of Materials Furnished by Operator

Contractor agrees to visually inspect and examine all Operator's Items before using them in connection with work under this Contract and any applicable Drilling Order and shall report to Operator any apparent defects therein. Contractor shall make no use of any such apparently defective material, equipment or supplies. However, Contractor shall not be liable for any loss or damage resulting from the inspection or examination as set forth in this Paragraph 510.

ARTICLE VI - OPERATOR'S OBLIGATIONS

601. Equipment and Personnel

Operator shall, at its cost, provide Operator's Items and Operator's Personnel and perform the services to be provided or performed by it according to Schedule A-3 of the applicable Drilling Order. In addition to providing the initial supply of Operator's Items, Operator shall be responsible, at its cost, for maintaining adequate stock levels and replenishing as necessary. When, at Operator's request and with Contractor's agreement, in writing by an authorized representative of Contractor, Contractor furnishes or subcontracts for certain items which Operator is required herein to provide, for purposes of this Contract said items or services shall be deemed to be Operator's Items and/or Operator's Personnel. Operator shall reimburse Contractor its actual cost plus a handling charge as specified in the applicable Drilling Order.

602. Maintenance and Repair

Operator shall be responsible, at its cost, for the maintenance and repair of all Operator's Items onboard the Drilling Unit which Contractor is not qualified to or cannot maintain or repair with Contractor's normal complement of personnel and the equipment on board.

603. Operator's Personnel and Operator Representatives

Operator shall, as to each Drilling Order, designate a senior representative, called Operator's Representative, to resolve routine day-to-day matters requiring decision by Operator, who will be present on board the Drilling Unit. In addition, Operator may, from time to time, designate representatives for the purpose of each Drilling Order who shall at all times have access to the



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Drilling Unit and may, among other things, observe tests, examine cuttings and cores, inspect the work performed by Contractor, or examine the records kept on the Drilling Unit by Contractor.

604. Drilling Site Access and Surveys

Operator will be responsible for designating the Drilling Site and providing proper and sufficient certificates, permits or permission necessary to enter upon and operate on the Drilling Site. Contractor will be responsible all approvals, licenses, permits, authorizations and/or filings as necessary for carrying out the work under this Contract and any applicable Drilling Order other than as provided in the preceding sentence.

ARTICLE VII - RATES OF PAYMENT

701. Payment

Operator shall pay to Contractor during the term of this Contract the amounts from time to time due calculated and prorated to the nearest half-hour according to the rates of payment set forth in the applicable Drilling Order, in accordance with the other provisions hereof. No other payments shall be due from Operator unless specifically provided for in the applicable Drilling Order, or agreed to in writing by Operator.

702. Mobilization Fee

With respect to the mobilization of the Drilling Unit from the location referred to in the applicable Drilling Order (the "Mobilization Location") to Operator's first Designated Well, the Mobilization Fee (the "Mobilization Fee") is specified in the applicable Drilling Order and shall commence and cease in accordance with the Drilling Order.

703. Demobilization Fee

With respect to the demobilization of the Drilling Unit from Operator's final Designated Well to the location referred to in the applicable Drilling Order (the "Demobilization Location"), the Demobilization Fee (the "Demobilization Fee") is specified in the applicable Drilling Order and shall commence and cease in accordance with the Drilling Order.

Notwithstanding the foregoing paragraph, if after the release of the Drilling Unit by Operator under any applicable Drilling Order, Contractor is obligated to a third party to move the Drilling Unit to another location within the Operating Area instead of returning said Drilling Unit to the Demobilization Location, then Operator shall not be obligated to pay the Demobilization Fee for the transportation of the Drilling Unit to that third party location. In such case, Operator shall remain obligated to pay the applicable tug charges until the Drilling Unit is free, afloat and under tow from Operator's location to the third party location.

704. Operating Rate

The Operating Rate (the "Operating Rate") is specified in the applicable Drilling Order and shall commence and cease in accordance with the Drilling Order. The Operating Rate shall continue to be payable throughout the term of the applicable Drilling Order, except as otherwise provided herein or in the applicable Drilling Order.

705. Standby Rate

The Standby Rate (the "Standby Rate") specified in the applicable Drilling Order will be payable as follows:

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- (a) during any period drilling operations under the applicable Drilling Order are shut down or suspended as a result of wind, storm, or other similar adverse or violent weather or sea conditions (including loop and eddy currents) which conditions prevent Contractor from conducting drilling operations.
- (b) during any period drilling operations under the applicable Drilling Order are shut down or suspended (including periods to repair the Drilling Unit or other Contractor's Items) solely due to blowout of the Designated Well or cratering, shifting or other conditions related to the Drilling Site (*e.g.*, unmarked pipelines and other subsea obstructions); provided that, as to each such occasion of shut down or suspension for repair of the Drilling Unit or other Contractor's Items, the number of days for which the Standby Rate is paid by Operator shall not exceed fifteen (15), following which no payments shall be due to Contractor until the Drilling Unit is in operation pursuant to the specifications of this Contract and the applicable Drilling Order.
- (c) during any period operations under the applicable Drilling Order are shut down or suspended as a direct result of an act, instruction or omission of Operator including, but not limited to, the failure of Operator's Items or the failure of Operator to issue instructions or provide Operator's Items or Operator's Personnel.
- (d) as specified in Paragraph 404.

706. Repair Rate

Subject to Paragraphs 705(b) and 709(b), the Repair Rate (the "Repair Rate") specified in the applicable Drilling Order will be payable when operations are suspended in order for Contractor to comply with federal or state orders or to permit necessary replacement of Contractor's Items or repair or maintenance of Contractor's Items. Contractor shall be paid at the Repair Rate for time consumed in complying with federal or state orders, the necessary replacement of Contractor's Items or repair or maintenance of Contractor's Items up to the maximum allowances specified in the Drilling Order. Operator shall not pay the Repair Rate for suspensions in excess of such maximum allowances. No rates will be incurred by Operator for any downtime exceeding such maximum allowances until operations are resumed. Suspensions of operations due to routine maintenance and inspections such as lubrication of the Drilling Unit, packing of swivels, changing of pump parts, cleaning or clearing the Drilling Unit's mud system, or cutting and slipping lines shall not be considered as a suspension of operations for purposes of this Paragraph 706 and instead the Operating Rate shall apply. In the event the Drilling Unit is equipped with dual BOPs and operations are suspended to permit necessary replacement, repair or maintenance of one of Contractor's BOPs, and the other BOP provided by Contractor is not able to immediately replace the first BOP and commence drilling operations, then, notwithstanding any allowance in the Drilling Order, Operator shall not pay the Repair Rate for any of the time operations are suspended and will incur no rate. Further, in such event, no rates will be incurred by Operator until such time as operations have commenced from the depth at which drilling progress ceased.

707. Force Majeure Rate

The Force Majeure Rate (the "Force Majeure Rate") specified in the applicable Drilling Order will be payable during any period in which operations are not being carried on because of a Force Majeure event, as defined in Paragraph 1303 of this Contract. After the suspension of operations

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for the maximum number of days specified in the applicable Drilling Order and during the continuous existence of the Force Majeure condition, the applicable Drilling Order may be terminated at the option of either Party by giving written notice to the other Party and in such event Operator shall be solely responsible to Contractor for the compensation due to Contractor under the applicable Drilling Order up to the date of such termination plus demobilization and no further compensation shall be due to Contractor under the Contract or the applicable Drilling Order following such termination.

708. Move Rate

The Move Rate (the "Move Rate") specified in the applicable Drilling Order will be payable during the following and shall commence and cease in accordance with the Drilling Order:

- (a) Moves of the Drilling Unit as may be necessary from time to time to reposition the Drilling Unit at a Drilling Site;
- (b) Moves of the Drilling Unit occasioned by emergency, severe weather or sea conditions, hurricanes or sea bottom conditions; and
- (c) Moves of the Drilling Unit between Drilling Sites.

709. Adjustments in Rate

The rates and payment herein set forth shall be revised by the actual amount of the change in Contractor's cost if an event as described below occurs:

- (a) if Operator requires Contractor to increase the number of Contractor's Personnel to a number greater than the amount set forth in the applicable Drilling Order; or
- (b) if there is any material change in laws, rules, regulations, legislation or classification society rules within the Operating Area after the Drilling Order Effective Date, including the enforcement or interpretation thereof, which material change could not have been reasonably foreseeable by a prudent drilling contractor acting with all due skill and care and in accordance with good industry practice, and which materially increases Contractor's financial burden in providing the drilling operations under this Contract; provided, however, Operator's liability for such cost increase(s) shall be capped at ten percent (10%) of the Contractor's applicable day rates.

ARTICLE VIII - INVOICES AND PAYMENTS

801. Invoices

Contractor shall bill Operator as set forth in the applicable Drilling Order for all daily rates as provided herein and the applicable Drilling Order earned by Contractor under this Contract and the applicable Drilling Order. Billings for daily rates will reflect details of the time spent and the rate charged for that time and shall be supported by the appropriate daily drilling reports. Billings for other charges will be accompanied by invoices supporting costs incurred for Operator or other substantiation as reasonably required by Operator. A separate invoice shall be provided for each Drilling Order.

802. Payment of Invoices

Operator shall pay all undisputed portions of invoices within forty-five (45) days following Operator's receipt of a true and correct statement of account from Contractor and the supporting

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documentation, including the daily drilling reports; provided however, Operator is authorized to withhold, from payments due Contractor under this Contract and any applicable Drilling Order, any amounts owing to Operator by Contractor hereunder and/or any applicable Drilling Order. Operator shall notify Contractor promptly of any such amounts withheld. Any such amounts wrongfully withheld will earn interest at the annual rate of ten percent (10%) unless a lower annual rate is specified in the applicable Drilling Order.

803. Manner of Payment

All payments due by Operator to Contractor hereunder and/or the applicable Drilling Order shall be payable in the manner and at the address as specified in the applicable Drilling Order.

ARTICLE IX – LIABILITY

901. Indemnity Definitions

In this Contract, specifically including, but not limited to Articles IX, X and XIII:

- (a) The phrase **“BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY”** means the indemnifying Party shall be solely responsible for and assume all liability for and defend (including payment of reasonable attorneys' fees and other costs of litigation), release and indemnify and hold harmless the indemnified Party and the other entities and individuals specified in Paragraphs 101(e) and 101(o).
- (b) **“CLAIM”** or **“CLAIMS”** means, unless specifically provided otherwise, all claims, damages, liabilities, losses, demands, liens, encumbrances, causes of action of any kind, obligations, costs, judgments, interest, and awards or amounts, of any kind or character (including fines, penalties and punitive and exemplary damages to the extent allowed by applicable laws, rules and regulations), including, without limitation, those made or enjoyed by dependents, heirs, claimants, executors, administrators, successors, survivors or assigns, whether under judicial proceedings, administrative proceedings or otherwise, or conditions in the premises of or attributable to any person or persons or any Party or Parties, breach of representation or warranty (expressed or implied), under any theory of tort, contract, breach of contract (including any CLAIMS which arise by reason of indemnification or assumption of liability contained in other contracts entered into between an indemnified Party hereunder and their respective personnel and/or a Third Party) arising out of, or incident to or in connection with this Contract or the performance of work, services or operations under this Contract.
- (c) The phrase **“REGARDLESS OF FAULT”** means WITHOUT REGARD TO THE CAUSE OR CAUSES OF ANY CLAIM, INCLUDING, WITHOUT LIMITATION, EVEN THOUGH A CLAIM IS CAUSED IN WHOLE OR IN PART BY:
 - (i) THE NEGLIGENCE (WHETHER SOLE, JOINT, CONCURRENT, COMPARATIVE, CONTRIBUTORY, ACTIVE, PASSIVE, GROSS, OR OTHERWISE), STRICT LIABILITY, OR OTHER FAULT OF ANY PERSON OR PERSONS, INCLUDING THAT OF THE INDEMNIFIED PARTY, OR



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- (ii) PRE-EXISTING DEFECT OR OTHER CONDITION, WHETHER PATENT OR LATENT, OF THE PREMISES OR ITEMS OF ANY PERSON OR PERSONS, INCLUDING THAT OF THE INDEMNIFIED PARTY; OR
- (iii) THE UNSEAWORTHINESS OF ANY VESSEL (INCLUDING THE DRILLING UNIT) OR UNAIRWORTHINESS OF ANY AIRCRAFT OF ANY PARTY WHETHER OR NOT CHARTERED, OWNED, OR PROVIDED BY ANY PERSON OR PERSONS, INCLUDING THAT OF THE INDEMNIFIED PARTY OR ITS PERSONNEL OR ITS CONTRACTORS OR THEIR PERSONNEL.

902. Indemnity Obligation

- (a) It is the intention of the Parties hereto that the provisions and the indemnities contained in this Article IX shall exclusively govern the allocation of risks and liabilities of the Parties REGARDLESS OF FAULT (as more particularly specified in Paragraph 901(c) above), it being acknowledged that the compensation payable to Contractor as specified herein has been based on the express understanding that risks and liabilities shall be determined in accordance with the provisions of this Contract.
- (b) Not Used
- (c) An indemnifying Party's obligations contained in this Contract shall extend to the indemnified Party and the entities and individuals specified in Paragraphs 101(e) and 101(o) (as applicable).
- (d) The Parties agree that the indemnity obligations under this Contract are effective to the maximum extent permitted by law, even if such indemnity obligation is held to be invalid or unenforceable, such holding shall not affect the remaining indemnity obligations between the Parties.
- (e) Each Party agrees to promptly notify the other Party after receipt of any CLAIM for which it may seek indemnification.

THE INDEMNITY OBLIGATIONS SET OUT HEREINABOVE SHALL ONLY BE EFFECTIVE TO THE MAXIMUM EXTENT PERMITTED BY THE APPLICABLE LAW. IN PARTICULAR, BUT WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, IF IT IS JUDICIALLY DETERMINED THAT THE MONETARY LIMITS OF INSURANCE REQUIRED HEREUNDER OR THE INDEMNITIES VOLUNTARILY ASSUMED HEREUNDER EXCEED THE MAXIMUM LIMITS PERMITTED UNDER APPLICABLE LAW, THE PARTIES HEREBY AGREE THAT SAID INDEMNITIES OR INSURANCE REQUIREMENT SHALL AUTOMATICALLY BE AMENDED TO CONFORM, TO THE MAXIMUM EXTENT PERMITTED, TO APPLICABLE LAW.

903. Equipment or Property

- (a) Operator shall at all times BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor from and against all loss or damage of equipment or property owned or provided by or belonging to Operator, Operator's Affiliated Companies, Operator's Personnel, co-lessees, co-owners, partners and co-venturers and their respective officers, directors and employees REGARDLESS OF FAULT.
- (b) Contractor shall at all times BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator from and against all loss or damage of equipment or property owned or provided by or belonging to Contractor, Contractor's Affiliated Companies and Contractor's Personnel (including the Drilling Unit and Contractor's or its Personnel's in-

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hole equipment when such equipment is above the rotary table) REGARDLESS OF FAULT; provided that Operator shall, REGARDLESS OF FAULT, BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor for all damage or loss (including all applicable transportation costs but excluding damage or loss attributable to normal wear as well as amounts paid to Contractor by its insurers for such damage or loss) of:

- (1) Contractor's drill pipe, drill collars, subs, reamers, bumper subs, stabilizers and other in-hole equipment when such equipment is being used in the hole below the rotary table, but only at the lesser of the actual repair costs and the percent (%) of the replacement cost specified in Appendix A of the Drilling Order. Abnormal wear and/or damage for which Operator shall be responsible hereunder shall mean wear and/or damage resulting from the presence of H₂S or other corrosive elements in the hole including those introduced into the drilling fluid, excessive wear caused by sandcutting, damage resulting from excessive or uncontrolled pressures such as those encountered during testing, blowout, or in a well out of control, excessive deviation of the hole from vertical, dog-leg severity, fishing, cementing or testing operations, and from any unusual drilling practices employed at Operator's request. Operator's responsibility for such abnormal wear and/or damage as referred to herein shall include abnormal wear and/or damage to Contractor's choke hoses and manifolds, BOP and other appurtenant equipment.
- (2) Contractor's riser and related components, slip joints, upper flex joint, choke and kill lines, flexible hoses, hydraulic hoses, the BOPs, MUX cables and the lower marine riser package (the "Subsea Equipment") occurring while such Subsea Equipment is below the water line, but only at the lesser of the actual repair costs and the percent (%) of the replacement cost specified in Appendix "A" of the Drilling Order.

The Operator's obligations for Contractor's equipment and property set forth in this Paragraph 903(b) shall not be due or payable to the extent such loss or damage is caused by the Gross Negligence and/or Willful Misconduct of Contractor and/or its Personnel and Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator from and against any such loss or damage under this Paragraphs 903(b) to the extent caused by the Gross Negligence and/or Willful Misconduct of Contractor and/or any of its Personnel. In the event that Operator rents (or requests Contractor to rent) equipment or property while such Contractor's lost or damaged equipment or property is being repaired or replaced, Operator shall pay all costs related to such substitute equipment or property.

Notwithstanding anything in Paragraph 903(b), Operator's liability in respect of any loss or destruction of, or damage to, Contractor's equipment or property under Paragraph 903(b)(1) shall be limited to the first Ten Million Dollars (\$10,000,000) on a per occurrence basis. Notwithstanding anything in Section 903(b), Operator's liability in respect of any loss or destruction of, or damage to, Contractor's Subsea Equipment under Section 903(b)(2) shall be limited to the first Thirty-Five Million Dollars (\$35,000,000) on a per occurrence basis.

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During suspensions in drilling operations pending the repair or replacement of Contractor's equipment or property under this Paragraph 903, subject to its maximum allowances, the Repair Rate shall be payable; provided that, for the avoidance of doubt, Paragraph 705(b) shall control to the extent of a conflict with this paragraph.

904. The Hole, Blowout, Cratering and Cost of Control

In the event loss of or damage to the hole or the Designated Well occurs, or in the event any Designated Well being drilled by Contractor under this Contract and any applicable Drilling Order shall blowout or crater from any cause whatsoever, by whomsoever, while work, services or operations are being performed under this Contract, Operator shall bear the entire cost and expense of killing the well or otherwise bringing the well under control, and shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor for all such CLAIMS for loss of or damage to the hole or the Designated Well, including the casing therein, REGARDLESS OF FAULT; provided, however, in the event that the loss of or damage to the hole or the Designated Well is due to the negligence, breach of contract, breach of warranty or other fault of Contractor and/or any of Contractor's Personnel, then Contractor shall, as Operator's sole and exclusive liability for such loss or damage, drill a new hole on the same location or redrill such damaged section of the hole as Operator may require, in either case, subject to all the terms of this Contract, at the Re-Drill Rate set forth in Appendix A of the Drilling Order and provided further that in the event that the loss of or damage to the hole or the Designated Well is due to the Gross Negligence or Willful Misconduct of Contractor and/or any of Contractor's Personnel then Contractor shall drill a new hole on the same location or re-drill such section of the hole as Operator may require, in either case, subject to all the terms of this Contract, at sixty-two and one-half percent (62.5%) of the Operating Rate as set forth in Appendix A of the Drilling Order. The indemnity and responsibility undertaken by Operator in this Paragraph 904 applies only to the liability for the loss of or damage to the hole or Designated Well (and the applicable redrilling, repair or other remedial activities) as well as the cost and expense of killing the well or otherwise bringing the well under control and is not to be interpreted as an assumption by the Operator of any liability for CLAIMS arising out of loss of life, injuries or damage to people or property caused by such blowout or crater and shall in no event alter or effect the indemnities and liabilities of Contractor or Operator as set forth elsewhere in this Article IX.

905. Contractor's Personnel

Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator against all CLAIMS (including, but not limited to, those for bodily injury, personal injury, illness, disease, maintenance, cure, loss of consortium, loss of support, death, and wrongful termination of employment) by or in favor of or incurred or sustained by Contractor's Personnel REGARDLESS OF FAULT. The indemnity obligation set forth in this Paragraph 905 shall apply even if such employee is determined to be the borrowed or statutory employee of Operator or any other member of Operator's Personnel. This indemnity obligation shall be supported by the Contractor's liability insurance coverage in the amounts shown for Commercial General Liability Insurance on Appendix B, including coverage for contractual liability coverage made applicable to the obligations of this Paragraph 905.

906. Operator's Personnel

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Operator shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor against CLAIMS (including, but not limited to, those for bodily injury, personal injury, illness, disease, maintenance, cure, loss of consortium, loss of support, death, and wrongful termination of employment) by or in favor of or incurred or sustained by Operator's Personnel REGARDLESS OF FAULT. The indemnity obligations set forth in this Paragraph 906 shall apply even if such employee is determined to be the borrowed or statutory employee of Contractor or any other member of Contractor's Personnel. This indemnity obligation shall be supported by the Operator's liability insurance coverage in the amounts shown for Commercial General Liability Insurance on Appendix B for Contractor, including coverage for contractual liability coverage made applicable to the obligations of this Paragraph 906.

907. Personnel and Property of Third Parties

Subject to Paragraphs 908, 909, 910, 911 and 913, Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator from and against all CLAIMS (including, but not limited to, those for bodily injury, personal injury, illness, disease, maintenance, cure, loss of consortium, loss of support, death, property damage, and wrongful termination of employment) by or in favor of or incurred or sustained by any Third Party to the extent such CLAIM is caused by the negligence or other fault of Contractor or Contractor's Personnel.

Subject to Paragraphs 908, 909, 910, 911 and 913, Operator shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor from and against all CLAIMS (including, but not limited to, those for bodily injury, personal injury, illness, disease, maintenance, cure, loss of consortium, loss of support, death, property damage, and wrongful termination of employment) by or in favor of or incurred or sustained by any Third Party to the extent such CLAIM is caused by the negligence or other fault of Operator or Operator's Personnel.

908. Pollution, Hazardous Materials, Substances Liability and Environmental Losses

Notwithstanding anything herein to the contrary, the liability of Contractor and Operator for pollution, contamination and other ENVIRONMENTAL LOSSES (as defined below) is as follows:

(a) Contractor's Liabilities

Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator for CLAIMS and/or ENVIRONMENTAL LOSSES, including but not limited to control, removal, restoration and cleanup of all pollution or contamination, arising from or on account of pollution or contamination which originates or emanates directly from Contractor's Items, including but not limited to spills or leaks of fuel, lubricants, motor oils, normal water base drilling fluids and attendant cuttings, pipe dope, paints, solvents, ballasts, bilge, garbage or sewerage, REGARDLESS OF FAULT. For purposes hereof, the term "normal water base drilling fluid" means drilling fluid which does not exceed toxicity limits specified for offshore discharges by the environmental protection entity having jurisdiction over the Operating Area.

(b) Operator's Liabilities

Operator shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor for CLAIMS and/or ENVIRONMENTAL LOSSES, including but not limited

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to control, removal, restoration and cleanup of all pollution or contamination, arising from or on account of all pollution or contamination other than as specified in Paragraph 908(a), including that resulting from fire, blowout, cratering, seepage, leakage or any other uncontrolled flow of oil, gas, water or other substances and that which originates or emanates directly from from Operator's Items or Operator's Designated Well located within the Drilling Site, REGARDLESS OF FAULT.

(c) Not Used

(d) "ENVIRONMENTAL LOSSES" means all CLAIMS for damage or harm to the environment (including, without limitation, all costs to respond to, contain, assess, remove, clean up, remediate and dispose of environmental pollution and/or contamination) and any related natural resources damage or loss, incurred or imposed (i) pursuant to any order, notice of responsibility, directive (including requirements embodied in environmental laws), injunction, judgment or similar act (including settlements) by any governmental authority or governmental agency, including, but not limited to the BOE, and/or any court of competent jurisdiction or (ii) pursuant to any claim or cause of action by a governmental authority or other person for personal injury, property damage, damage to natural resources, remediation or response costs.

909. Debris and Wreck Removal

Contractor shall promptly remove all debris and/or wreckage of Contractor's Items to the extent required by a governmental authority or requested by Operator in order to perform ongoing operations. Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator for the costs of removal of such Contractor's Items and from and against any CLAIMS arising out of Contractor's or Operator's obligation to remove said debris and/or wreckage REGARDLESS OF FAULT.

Operator shall promptly remove all debris and/or wreckage of Operator's Items to the extent required by a governmental authority or in order to perform ongoing operations. Operator shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor for the costs of removal of such Operator's Items and from and against any CLAIMS arising out of Contractor's or Operator's obligation to remove said debris and/or wreckage REGARDLESS OF FAULT.

910. Underground Damage

Operator shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor from and against any and all CLAIMS resulting from operations under this Contract on account of injury to, destruction of, or loss or impairment of any property right in or to oil, gas or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impairment, said substance had not been reduced to physical possession above the seabed, and for any loss or damage to any formation, strata, or reservoir beneath the seabed REGARDLESS OF FAULT.

911. Patent Liability

Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator against CLAIMS arising from infringement or alleged infringements of patents of the

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United States or other countries covering the property, equipment, methods or processes furnished by Contractor.

Contractor hereby grants to Operator an irrevocable, worldwide, royalty-free, non-exclusive license in and to all inventions, whether patentable or not, created or developed as part of the contracted-for work under this Contract and any applicable Drilling Order, and Operator shall be permitted to manufacture, construct, operate, maintain and repair such licensed items in the conduct of its business.

Operator shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor against CLAIMS arising from infringement or alleged infringements of patents of the United States or other countries covering the property, equipment, methods or processes furnished by Operator or Operator's Personnel REGARDLESS OF FAULT.

912. Consequential Damages

Notwithstanding any other provisions contained in this Article IX, Operator shall at all times BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor from and against all special, indirect or consequential damages incurred by Operator, Operator's Affiliated Companies, Operator's Personnel, co-lessees, co-owners, partners and co-venturers resulting from or arising out of this Contract or any Drilling Order, including but not limited to loss of profits, loss of product or production, the cost of or loss of use of property, equipment or services (e.g., Operator's "spread" costs for the ongoing supply of helicopters, vessels and fuel incurred during delays or suspensions in operations), or business interruptions, REGARDLESS OF FAULT.

Notwithstanding any other provisions contained in this Article IX, Contractor shall at all times BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator from and against all special, indirect or consequential damages incurred by Contractor, Contractor's Affiliated Companies and Contractor's Personnel resulting from or arising out of this Contract or any Drilling Order, including but not limited to loss of profits, loss of product or production, the cost of or loss of use of property, equipment or services, or business interruptions, REGARDLESS OF FAULT.

913. Benefits for Contractor's Personnel

Contractor agrees to accept full and exclusive liability for the payment of any and all premiums, contributions and taxes for Workers' Compensation Insurance, Unemployment Insurance and for old age pensions, annuities and retirement benefits now or hereafter imposed by or pursuant to federal or state law, which are measured by wages, salaries or other remuneration paid to Contractor's Personnel in connection with the performance of work, services or operations under this Contract; and Contractor further shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator from and against CLAIMS for such taxes, benefits, or contributions which may be assessed against Operator.

914. Taxes and Liens

- (a) Contractor agrees to pay and BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator against all CLAIMS for labor, material, services and supplies to all workmen, laborers, mechanics, subcontractors and all other persons furnishing labor, materials, services or supplies for Contractor or its subcontractors in fulfilling this Contract; and Contractor further agrees not to allow any related lien, claim or charge to be



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fixed upon the lease on which operations are performed, any Designated Well, the property on which any Designated Well is to be drilled, or other property of Operator.

- (b) Contractor agrees to BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator from and against all income taxes, social security taxes employment, and social insurance organization charges which may be applicable to or arise from its operations hereunder and any applicable Drilling Order, and shall withhold from wages and salaries of Contractor's Personnel all sums required by law to be withheld; shall pay the same promptly when due to the proper authorities and shall furnish Operator evidence of such payments when required; shall comply with all accounting and reporting required of any government having jurisdiction and shall pay the cost of such compliance.

915. Cross Indemnities between Contractor and Operator's other contractors.

- (a) To the extent Operator's Third Party Contractor(s) execute cross indemnification and waivers in favor of Contractor and Contractor's Personnel which are substantially similar to those assumed by Contractor in this Paragraph 915(a) in favor of such Third Party Contractor(s), Contractor hereby agrees to BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY such other Third Party Contractor(s) (and any such Third Party Contractor Group) from and against any and all CLAIMS for: (1) the injury, illness or death of any of Contractor's Personnel; (2) the loss, damage, destruction and/or wreck and debris removal of any property belonging to Contractor and/or any of Contractor's Personnel; and (3) Contractor's and Contractor's Personnel own special, indirect or consequential damages resulting from or arising out of this Contract, in all 3 cases REGARDLESS OF FAULT, but excluding Gross Negligence and Willful Misconduct of Contractor's Personnel.
- (b) Contractor agrees that it will support its mutual indemnity obligations of Paragraph 915(a) with insurance with the minimum limits not less than those set forth in Article X and Appendix B obtained for the benefit of such Third Party Contractor(s) (and any such Third Party Contractor Group) but such minimum insurance requirements shall not limit Contractor's indemnity obligations except to the extent mandated by law.
- (c) The Parties intend to create a third party beneficiary obligation of Contractor in favor of such other Third Party Contractor(s) (and any such Third Party Contractor Group) that have included reciprocal cross indemnity, insurance support and waiver provisions in their respective contracts with Operator in favor of Contractor and its Personnel (and to extend such third party beneficiary obligation of Contractor to such other Third Party Contractor Group).

916. Disputed Amounts, Liens and Withholding

Payment of any invoice provided to Operator by Contractor pursuant to Article VIII herein shall not prejudice the right of Operator to question the correctness of any charges therein. If Operator disputes an item invoiced, Operator shall notify Contractor of the amount disputed, specifying the reason therefor, and payment of the disputed amount may be withheld until settlement of the dispute. However, in the event any liens which Operator reasonably believes may affect the operations hereunder have not been satisfied and discharged by Contractor at the time Operator receives any of Contractor's statements or invoices referenced to above, Operator may withhold

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payment to Contractor of any compensation or reimbursement payable hereunder until such liens are no longer pending or Contractor has posted bond sufficient to protect Operator.

917. Right to Participate in Defense

The indemnifying Party shall, at its sole cost and expense, investigate, handle, respond to and provide defense for any CLAIM for which it gives indemnity herein; provided that the Party being indemnified shall be afforded the right and opportunity, at its expense, to participate in any such investigation or defense and may, at its option and at its expense, elect to conduct any litigation regarding a CLAIM for which it is indemnified through counsel of its own choosing.

918. Attorneys' Fees to Enforce Contract

In the event either Party, after receipt of notice of a CLAIM, fails to furnish a defense and indemnity as provided for herein, the other Party shall be entitled to receive from the offending Party, in addition to its attorneys' fees, costs, expenses and any amounts paid in judgment or settlement, all costs, expenses, and attorneys' fees incurred in the enforcement of this Contract, including specifically but not limited to claims for contractual indemnity and insurance coverage.

919. Gross Negligence and Willful Misconduct

Notwithstanding anything in this Contract to the contrary, where Operator is required to BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Contractor for CLAIMS under Paragraphs 904, 908(b) and 910, Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator from and against all such CLAIMS as follows:

- (a) to the extent the CLAIMS are caused by the Gross Negligence of Contractor or Contractor's Personnel, Contractor will assume the first Fifty Million Dollars (\$50,000,000) of such CLAIMS on a "per occurrence basis" with Operator assuming all liability in excess of such Fifty Million Dollars (\$50,000,000) limit; and
- (b) to the extent the CLAIMS are caused by the Willful Misconduct of Contractor or Contractor's Personnel, Contractor will assume the first One Hundred Million Dollars (\$100,000,000) of such CLAIMS on a "per occurrence basis" with Operator assuming all liability in excess of such Seventy-Five Million Dollars (\$100,000,000) limit.

For the avoidance of doubt, "per occurrence basis" means the limit of liability assumed by Contractor under this Paragraph 919 applies to the occurrence or series of occurrences resulting in the incident giving rise to the CLAIMS and does not apply on a per CLAIM basis (e.g., if Contractor commits a series of acts constituting Gross Negligence resulting in a blowout and numerous CLAIMS under Paragraphs 904, 908(b) and 910, Contractor's liability in total for all such CLAIMS will be capped at the Fifty Million Dollars (\$50,000,000) limit specified in Paragraph 919(a) above). For the further avoidance of doubt, the limits of liability cannot be accumulated to increase Contractor's liability in excess of One Hundred Million Dollars (\$100,000,000) (e.g., if Contractor commits both Gross Negligence and Willful Misconduct resulting in CLAIMS under Paragraphs 904, 908(b) and 910, Contractor's liability will be capped at the One Hundred Million Dollars (\$100,000,000) limit specified in Paragraph 919(b) above and the Fifty Million Dollars (\$50,000,000) limit in Paragraph 919(a) will not be added).

ARTICLE X - INSURANCE

1001. Contractor's Insurance

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Contractor shall, during the progress of the work hereunder and throughout the term of this Contract, carry and maintain insurance coverage as required in Appendix "B", attached hereto and by this reference fully incorporated into this Contract. Contractor's insurance policies as required herein and in Appendix "B" shall provide that such insurance coverage shall be primary over any insurance coverage that may be maintained by Operator, but only as to those liabilities specifically assumed by Contractor under this Contract. Contractor has the right to self-insure any or all of the specified coverages and any decision by Contractor to self-insure shall be solely for Contractor's account. Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY from and against any CLAIMS arising out of or related to Contractor's decision to self-insure the coverages as required under this Contract and Appendix B. Operator will maintain, throughout the term of the Contract, insurance of the types, in the amounts, and with endorsements, all as specified in Appendix B for Contractor, covering the liabilities assumed by Operator under this Contract. Operator has the right to self-insure any or all of the specified coverages.

1002. Certificates and Policies

At the inception of this Contract and annually thereafter, and whenever requested by Operator, Contractor shall furnish Operator with a certificate of insurance evidencing the fact that all of the required insurance coverages are or remain in full force and effect.

1003. Subrogation

For liabilities specifically assumed hereunder by Contractor, the required insurance shall provide that the insurers of Contractor will waive their right of subrogation against Operator, as set forth in Appendix B. For liabilities specifically assumed hereunder by Operator, the required insurance shall be endorsed to provide that the insurers of Operator will waive their right of subrogation against Contractor, as set forth in Appendix B for Contractor.

1004. Additional Insured

Except with respect Workers Compensation and Employer's Liability Insurance, for liabilities specifically assumed hereunder by Contractor, the required insurance shall provide that the insurers of Contractor will include Operator as additional insureds, as set forth in Appendix B. Except with respect Workers Compensation and Employer's Liability Insurance, for liabilities specifically assumed hereunder by Operator, the required insurance shall be endorsed to provide that the insurers of Operator will include Contractor as additional insured, as set forth in Appendix B for Contractor.

1005. Premiums and Deductibles

Operator shall have no obligation to pay any premiums, franchise amounts, deductibles, self-insured retentions or other charges due with respect to any policies of insurance required of Contractor in Appendix B. All such charges in every insurance policy required of Contractor herein shall be the sole obligation of Contractor and shall be for Contractor's account.

1006. Insurance for Subcontractors

Contractor shall require and assure that each and every subcontractor employed by Contractor to perform work, services or operations under this Contract shall carry and pay for insurance in amounts necessary to cover the work and the obligations of the particular subcontractor. Any



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deficiencies in its subcontractors' insurance programs shall be the sole responsibility of Contractor.

1007. Failure to Obtain Insurance

Failure to carry the insurance coverages as required herein and in Appendix B, or the failure to comply fully with any of the insurance requirements of this Contract and Appendix B, or the failure to secure such endorsements on the required policies as required pursuant to the terms and conditions of this Contract, shall in no way act to relieve Contractor from the obligations of this Contract, any provisions hereof to the contrary notwithstanding. In the event that liability for any loss or damage be denied by the insurer or insurers, in whole or in part, because of breach of said insurance by Contractor, or for any other reason, including the insolvency or liquidation of the insurer, or if Contractor fails to maintain any of the insurance herein required, Contractor shall BE RESPONSIBLE FOR AND HOLD HARMLESS AND INDEMNIFY Operator against all CLAIMS which would otherwise be covered by said insurance to the extent otherwise required hereunder.

1008. Financially Responsible Insurers and Amendment to Policies

All policies of insurance required herein and in Appendix B shall be carried by insurers who are reliable and financially responsible, authorized to do business in the state or area in which the work or operations under this Contract and any applicable Drilling Order are to be performed, and acceptable to Operator. Contractor's insurance broker will endeavor to give thirty (30) days' written notice to Operator of non-renewal, cancellation, or material change of said policy but ten (10) days written notice of cancellation due to non-payment of premium and seven (7) days written notice of cancellation due to War Risks.

1009. Insurance Separate from Indemnity

The insurance obligations of Contractor are separate from Contractor's indemnity obligations under Article IX of this Contract, and the limits of insurance set forth in Appendix B are in no way intended to limit Contractor's indemnity obligations under Article IX of this Contract.

ARTICLE XI - SUBLETTING AND ASSIGNMENT

1101. Subcontracts

Operator may employ other contractors to perform any of the operations or services to be provided or performed by it under this Contract and any applicable Drilling Order. Contractor may employ other contractors to perform any of the operations or services to be provided or performed by it under this Contract and any applicable Drilling Order only with the prior written consent of Operator; provided, however, Contractor shall remain fully liable and responsible under the terms and conditions of this Contract for the acts and omissions of any other contractors or subcontractors employed by Contractor as though such acts and omissions were the acts and omission of the Contractor.

1102. Assignment

This Contract shall be binding on the Parties hereto, their successors and assigns. This Contract is personal and (i) Contractor may not assign in whole or in part its rights under the Contract without Operator's prior written consent, which consent should not be unreasonable withheld or delayed, and (ii) except as to an assignment to an Affiliated Company, co-lessees, co-owners,

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partners, joint or co-venturers or in the event of an initial public offering, merger, consolidation or sale of all or substantially all of its assets, Operator may not assign in whole or in part its rights under the Contract without Contractor's written consent. Such consent, as required above, shall not be unreasonably withheld or delayed.

ARTICLE XII - NOTICES

1201. Notices

Notices, reports and other communications required or permitted by this Contract to be given or sent by one Party to the other shall be delivered by hand, mailed, or telecopied to the address as specified in the applicable Drilling Order. Either Party may, by written notice to the other Party, change its address. Notices shall be effective upon confirmation of receipt.

ARTICLE XIII - GENERAL

1301. Confidential Information

During the term of this Contract and any applicable Drilling Order, Operator may provide information to Contractor. As a result of Contractor's work, services or operations under this Contract, Contractor may develop additional information. All such information, including but not limited to depth, formations penetrated, the results of coring, testing and surveying, whether provided to or developed by Contractor, shall be the property of Operator and shall be kept confidential by Contractor in addition to the following:

- (a) All technical data, designs, drawing and information developed for the purpose of work, services or operations under this Contract or any applicable Drilling Order shall be, and shall remain the sole property of Operator and shall be returned to Operator when an applicable Drilling Order or this Contract is terminated.
- (b) All technical data, designs, drawings and information connected with this Contract and obtained by Contractor or developed for the purpose of this Contract or any applicable Drilling Order shall be kept in secrecy and confidence and shall not be reproduced or used other than for the purpose of this Contract and any applicable Drilling Order and shall not be divulged to any third person, save and except Contractor's subcontractors and consultants and their respective employees, servants or agents who are actively engaged in the performance of work, services or operations under this Contract to the extent that they need to know, without the written consent of Operator.
- (c) Contractor shall not publish or permit to be published or supplied to the press or other news media (including internal company magazines) any information or photographs or data regarding the work, services or operations under this Contract or any applicable Drilling Order, including the award of this Contract, the terms and conditions of this Contract or regarding Operator's business, nor take any photographs thereof without the written approval of Operator; provided that Contractor may disclose basic commercial information about this Contract or any Drilling Order in its web-based fleet status report.
- (d) Contractor shall ensure that the provisions of this Paragraph 1301 are adhered to by Contractor, Contractor's Personnel, Contractor's Affiliated Companies and each of their respective consultants, invitees, employees, servants and agents.

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- (e) Nothing in this Article 1301 will be deemed to pertain to or include Contractor's inventions, trade secrets or other information that specifically relates to Contractor's drilling methods or processes and is proprietary and confidential to Contractor.
- (f) Each Party to this Contract agrees that the terms of this Contract are confidential and shall not be disclosed to any individual, entity or other third party without the prior written consent of the other Party; provided, however, either Party may disclose the terms of this Contract as follows: (i) to its officers, directors, employees and agents, provided that each such person agrees to keep any such information confidential; (ii) if required by law, governmental rule or regulation (including those of any regulatory agency, securities commission, or stock exchange); or (iii) if required by outside auditors and counsel to the extent necessary to perform their respective duties; provided that each such person agrees to keep any such information confidential. The Parties shall provide notice of the confidentiality requirements set forth in this Paragraph 1301 to each of their respective employees, officers, directors, agents, subcontractors, consultants, representatives, successors and assigns with access to any such confidential information.

1302. Attorneys' Fees

If this Contract is placed in the hands of an attorney on account of any dispute under this Contract, or if suit is brought on same, or if sums due under this Contract are collected through bankruptcy or probate proceedings, then the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs from the other Party.

1303. Force Majeure

- (a) Except for the duty of Operator or Contractor to make payment hereunder when such payment is due, and except as may be provided in this Paragraph 1303, neither Party shall be liable for failure to perform the terms of this Contract when such performance is prevented, delayed or rendered impossible by a condition of Force Majeure. Force Majeure shall mean Acts of God (including hurricanes, named tropical depressions, and named tropical storms), war, terrorist acts, strikes (excluding strikes, lock-outs or other industrial disputes or action solely amongst employees of Contractor and/or its subcontractors), acts of the public enemy, quarantine, epidemic, blockade, civil disturbance, riots, insurrection, rules or regulations of any governmental authority having or claiming jurisdiction or control in the premises, the compliance with which makes continuance of operations impossible, an inability to secure government permits from the BOE, stop work orders or any other governmental agency as required for the work, services or operations under this Contract or any other cause beyond the reasonable control of such Party, whether or not similar to the causes specified herein.
- (b) In the event either Party hereto is rendered unable, wholly or in part, by Force Majeure to perform its obligations under this Contract, it is agreed that such Party shall give notice and details of the Force Majeure circumstances in writing to the other Party as promptly as possible after its occurrence. In such cases, the obligations which cannot be carried out by the Party giving the written notice shall be suspended during the continuance of any inability so caused except that Operator shall be obliged to pay to Contractor the Force Majeure Rate provided for in Paragraph 707. Nothing in this Paragraph 1303 shall be construed to relieve either Party of its indemnity and insurance obligations contained in



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this Contract. The Party claiming Force Majeure shall make all reasonable efforts to overcome the event of Force Majeure as soon as possible and shall resume performance immediately after such event of Force Majeure has ended or been removed.

1304. Right to Audit and Conflict of Interest

- (a) For a period of two (2) years from the end of Operator's accounting year in which the work, services or operations under any applicable Drilling Order are terminated or completed, Contractor shall keep proper books, records and accounts of work, services or operations under such Drilling Order and shall permit Operator to inspect such records at all reasonable times at Contractor's premises where such records are normally kept for the purpose of determining rates hereunder or charges for reimbursable items.
- (b) Contractor shall not pay any commissions, fees or grant any rebates to any of Operator's Personnel or Operator's co-lessees, co-owners, partners or joint venturers, or any of their respective Affiliated Companies, associates, directors, officers, employees, servants or agents; nor shall Contractor favor Operator's Personnel or Operator's co-lessees, co-owners, partners or joint venturers, or any of their respective Affiliated Companies, associates, directors, officers, employees, servants or agents with gifts or entertainment of significant cost or value nor enter into any business arrangements (other than the purchase and ownership of non-material shares of common stock) with Operator's Personnel or their Affiliated Companies, other than as a representative of Contractor, without Operator's written approval.
- (c) The obligations in this Paragraph 1304 shall apply to the activities of Contractor's Personnel and their agents in their relations with Operator's Personnel (and their families), vendors, and third parties providing, performing, or accomplishing work, services, or operations under this Contract. Contractor's efforts shall include, but not be limited to, establishing precautions to prevent Contractor's Personnel and their agents from making, receiving, providing, or offering substantial gifts, entertainment, payments, loans, or other considerations to Operator's Personnel (or their families) for any purpose whatsoever. Contractor shall not, under any conditions, employ any person or persons who are employed by Operator. Any such person so found in the employ of Contractor shall be immediately dismissed by Contractor.

1305. Compliance with Laws and Industry Standards: Safety and Environmental Protection

(a) **Certification with Laws**

Contractor hereby agrees to comply with, and shall instruct Contractor's Personnel to comply with all applicable federal, state and municipal laws, rules and regulations, and those of any other governmental body having jurisdiction over the work, services or operations under this Contract, including but not limited to environmental and safety laws and regulations relating to the prevention, containment, reporting and cleanup of pollution. Subject to the release, defense and indemnity obligations assumed by the Parties in Article IX of this Contract, in the event Operator is assessed a civil penalty, fee, fine or other civil charge ("Civil Penalty"), then to the extent such Civil Penalty is due to the failure of Contractor's Personnel to adhere to any laws or regulations applicable herein or otherwise governing the work or services or activity being conducted, Contractor shall

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pay (or reimburse Operator) that portion of the Civil Penalty which is attributable to Contractor's failure to so adhere.

Operator hereby agrees to comply with, and shall instruct Operator's Personnel to comply with all applicable federal, state and municipal laws, rules and regulations, and those of any other governmental body having jurisdiction over the work, services or operations under this Contract, including but not limited to environmental and safety laws and regulations relating to the prevention, containment, reporting and cleanup of pollution. Subject to the release, defense and indemnity obligations assumed by the Parties in Article IX of this Contract, in the event Contractor is assessed a Civil Penalty, then to the extent such Civil Penalty is due to the failure of Operator's Personnel to adhere to any laws or regulations applicable herein or otherwise governing the work or services or activity being conducted, Operator shall pay (or reimburse Contractor) that portion of the Civil Penalty which is attributable to Operator's failure to so adhere.

(b) Equal Opportunity and Affirmative Action

Contractor hereby certifies that it is an equal opportunity employer and will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, handicap or status as a Vietnam Era Veteran. To the extent required by applicable law, Contractor will comply with Executive Order 11,246 "Non-Discrimination in Employment and Affirmative Action by Government Contractors and Sub-Contractors", Executive Order 11,626 "National Program for Minority Business Enterprise", the Vietnam Era Veterans Readjustment Assistance Act of 1974, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, as they may be amended from time to time and including all amendments, orders, rules and regulations issued thereunder or in connection therewith.

(c) Certification of Non-Segregated Facilities

Contractor further certifies that it does not and will not maintain or provide for its employees any facilities which are segregated by race, color, religion or national origin or permit its employees to perform any services at any location, under Contractor's control where segregated facilities are maintained; and, if applicable, Contractor will obtain a similar certification for all non-exempt subcontracts.

(d) Safety and Environmental Protection

Contractor shall institute and implement at all times a good, comprehensive safety and training program which complies with all federal, state and local laws, rules and regulations applicable to the work, services and operations contemplated in this Contract, and which further complies with reasonable and current industry recommendations on accident prevention, safe operating practices, and environmental protection. Contractor shall make each of its employees and subcontractors aware of all such safety and environmental rules and regulations, and all safety meetings and drills conducted shall be entered on the IADC Daily Drilling Report. Contractor shall furnish such additional safety and environmental reports and records as Operator may request. Contractor shall fully comply with the terms of the Fieldwood Energy LLC's Contractor Safety Program attached as Appendix C. Contractor further agrees to subject all Contractor's Personnel to pre-employment or other drug tests as required by federal, state and local drug testing

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laws, regulations and requirements, and those of any governmental body which has jurisdiction over the work under this Contract.

1306. Waivers

It is fully understood and agreed that none of the requirements of this Contract shall be considered as waived by either Party unless the same is done in writing, and then only by the persons executing this Contract, or other duly authorized agent or representative of the Party. The waiver of any requirement or provision in this Contract on any particular occasion shall not be deemed a waiver of such requirement or provision, or serve as a precedent, for other work, service or operations under this Contract on other occasions.

1307. Entire Agreement

This Contract supersedes and replaces all prior contracts between the Parties and any other oral or written communications heretofore made between the Parties relating to the subject matter hereof. No variations hereto shall be valid unless in writing and executed by the Parties. Each Party expressly represents and warrants that no promise or agreement which is not expressed herein has been made to them in executing this Agreement and each Party is relying upon its own judgment in entering into this Agreement and is not relying upon any statement or representation of any of the other Party that is not expressly contained herein.

1308. Inurement

This Contract shall inure to the benefit of and be binding upon the successors and permitted assigns of the Parties.

1309. Severability

In case any one or more of the provisions contained in this Contract should be held or determined invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or underlying rights and obligations referred to herein shall not in any way be affected, modified, or impaired thereby.


Signatures on following page

A handwritten signature in black ink, appearing to be a stylized 'S' or 'J' followed by a flourish.


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IN WITNESS WHEREOF, THE PARTIES HERETO UNDERSTAND, APPROVE AND SPECIFICALLY AGREE UPON ALL OF THE ABOVE TERMS AND CONDITIONS, INCLUDING ALL ADDENDA, SCHEDULES AND APPENDICES AND HAVE EXECUTED THIS CONTRACT BY THEIR RESPECTIVE AUTHORIZED REPRESENTATIVES ON THE DAY AND YEAR FIRST WRITTEN BELOW.

OPERATOR: FIELDWOOD ENERGY LLC

By: 
Duly Authorized Representative
Name: John Seeger
Title: SVP operations
Date: 10/26/2018

CONTRACTOR: ATLANTIC MARITIME SERVICES LLC

By: 
Duly Authorized Representative
Name: Joseph Pope
Title: VP Sales & Marketing
Date: 10/28/2018

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**Attached to and made part of the Master Domestic Offshore Daywork Drilling Contract between
Fieldwood Energy LLC and Atlantic Maritime Services LLC dated October XX, 2018**

FORM OF DRILLING ORDER

This Drilling Order is entered into and effective this XX day of XX 20XX (the "Drilling Order Effective Date") by and between [INSERT NAME OF FIELDWOOD ENTITY] and [INSERT NAME OF ROWAN ENTITY] in connection with the operation of the offshore drilling unit named the XX at one or more of the designated locations.

This Drilling Order hereby incorporates the Master Domestic Offshore Daywork Drilling Contract dated October XX, 2018 (the "Master Contract") by and between Fieldwood Energy LLC and Atlantic Maritime Services LLC and is comprised of all of the following attachments:

- Appendix A Commercial Terms and Conditions
 - Schedule A-1 General Rig Specifications
 - Schedule A-2 Personnel to be provided by Contractor
 - Schedule A-3 Checklist of Contractor's and Operator's Obligations
- Appendix B Insurance Requirements
- Appendix C Contractor's Safety Program
- Appendix D Operator's Search and Seizure Policy

All references in the Master Contract and this Drilling Order to:

- (a) "Contract" shall mean the Master Contract and this Drilling Order (including the attached appendices and schedules);
- (b) "Contractor" shall mean [INSERT NAME OF ROWAN ENTITY]; and
- (c) "Operator" shall mean [INSERT NAME OF FIELDWOOD ENTITY].

All other capitalized clauses used in this Drilling Order shall have the same meaning as such clause is ascribed in the Master Contract unless such clause is otherwise defined in this Drilling Order.

In witness whereof, the Parties hereto understand, approve and specifically agree upon all of the above terms and conditions, including all addenda, schedules and appendices and have executed this Drilling Order by their respective authorized representatives on the day and year first written below.

FIELDWOOD ENERGY LLC

ATLANTIC MARITIME SERVICES LLC

By: _____
Duly Authorized Representative
Name: _____
Title: _____
Date: _____

By: _____
Duly Authorized Representative
Name: _____
Title: _____
Date: _____



Master Domestic Offshore Daywork Drilling Contract
Fieldwood Energy LLC and Atlantic Maritime Services LLC

Attached to and made part of the Master Domestic Offshore Daywork Drilling Contract dated **October XX, 2018** between Fieldwood Energy LLC and Atlantic Maritime Services LLC

Appendix A
Commercial Terms and Conditions

Paragraph Reference
in Master Contract

101(c)	Commencement Date:	_____
101(e)	Contractor	_____
101(h)	Designated Well:	_____
101(k)	Drilling Unit:	_____
101(m)	Operating Area:	U.S. Gulf of Mexico.
101(n)	Operating Base:	U.S. Gulf of Mexico.
101(o)	Operator	
202	Contract Term:	_____
203(b)(ii)	Termination Date:	
203(h)	Early Termination Fee	_____
204	Option to Extend:	
302	Contractor's Representative	_____
307	Contractor's Safety Representative:	_____
404	Inspection Delay	_____
601	Handling Charge:	_____
603	Operator's Representative	_____
702	Mobilization Location:	_____
702(a)	Mobilization Fee (Lump Sum):	\$ _____
	• Commencement	_____



Master Domestic Offshore Daywork Drilling Contract
Fieldwood Energy LLC and Atlantic Maritime Services LLC

• Cessation _____

or _____

702(b) Mobilization Rate: \$_____ per day.

• Commencement _____

• Cessation _____

703 Demobilization Location: _____

703(a) Demobilization Fee (Lump Sum): _____

or _____

703(b) Demobilization Rate: \$_____ per day.

703(c) Tug Charges (including "running time" and all other towing charges): shall be the responsibility of Operator.

704 Operating Rate: \$_____ per day.

705 Standby Rate: \$_____ per day.

706 Repair Rate: \$_____ per day. Maximum repair time allowances are ____ hours per occurrence and ____ hours per calendar month. Thereafter, Contractor shall go on Zero Rate for downtime.

707 Force Majeure Rate: \$_____ per day.

707 Force Majeure Termination: _____

708 Move Rate: \$_____ per day.

801 Contractor Invoices Contractor to invoice Company six (6) months following completion of operations under this Drilling Order.

802 Interest Rate _____

803 Manner & Address for Payment: _____

ABA No.: _____

For the account of: _____

Acct No.: _____

903 In-Hole/Subsea Equipment: Percentage of Replacement Cost:

904 Re-Drill Rate \$_____ per day.



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1201 Address for Notices:

Operator:
Fieldwood Energy LLC
2000 W. Sam Houston Pkwy South, Suite 1200,
Houston, Texas 77042
Telephone: (713) 969 ____
Facsimile: (713) 969 ____
Email:
Attention:

Contractor:
Atlantic Maritime Services LLC
2800 Post Oak Boulevard, Suite 5450
Houston, Texas 77056
Telephone:
Facsimile:
Email:
Attention:

A handwritten signature in dark ink, appearing to be a stylized 'B' or 'P' with a flourish.

Master Domestic Offshore Daywork Drilling Contract
Fieldwood Energy LLC and Atlantic Maritime Services LLC

Attached to and made part of the Master Domestic Offshore Daywork Drilling Contract dated October XX, 2018 between Fieldwood Energy LLC and Atlantic Maritime Services LLC

Schedule A-1
General Rig Specifications

The listing of the Drilling Unit's equipment, as detailed in this Schedule A-1, is indicative of the equipment normally carried aboard the Drilling Unit. Contractor may, in its sole discretion and at any time, remove and/or replace any of the Drilling Unit's equipment with comparable substitutes as operationally required. The specifications of the Drilling Unit's equipment, as detailed in this Schedule A-1, are indications of the equipment's maximum rating. Pursuant to customary industry practice, Contractor does not in the course of normal operations operate its equipment at its maximum rating.

Schedule A-1 will be attached the applicable Drilling Order.



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Schedule A-2
Personnel to be provided by Contractor

Schedule A-2 will be attached the applicable Drilling Order.

A handwritten signature in black ink, appearing to be a stylized 'R' or 'B' with a horizontal line extending to the right.

Master Domestic Offshore Daywork Drilling Contract
Fieldwood Energy LLC and Atlantic Maritime Services LLC

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Schedule A-3
Checklist of Contractor's and Operator's Obligations

	Category
Furnished by Contractor and paid by Contractor	1
Furnished by Contractor, paid by Operator, plus handling charge	2
Furnished by Contractor, paid by Operator, no handling charge	3
Furnished by Operator, paid by Operator	4
Furnished by Operator, paid by Contractor	5
1. Contractor's Items as set forth in Appendix B.	1
2. Except as otherwise specified, maintenance and repair including repair parts of Contractor's Items.	1
3. Maintenance and repair including repair parts of Operator's Items except as provided in Paragraph 403.	4
4. All charges relative to acquisition, shipping and land transportation (except charges as provided in Items 61, 62, 64, 65, 66, 70 and 73) of all Contractor's Items required as replacements or spare parts.	1
5. Contractor's Personnel including replacement, subsistence, insurance, wages, benefits, and all other costs related thereto, except for increases pursuant to Paragraph 709.	1
6. Extra personnel in excess of the complement of personnel set forth in Appendix C when requested in writing by Operator.	3
7. Overtime beyond normal work schedule, as set forth in Appendix C, for Contractor's personnel when requested in writing by Operator.	3
8. Required licenses, permits, certificates of financial responsibility and clearances to enter upon and depart from drilling location, pursuant to Paragraph 604.	4
9. Surveying service and marker buoys to mark drilling location.	4
10. Sea floor surveys required by Contractor's Marine Surveyor.	4
11. Sea bottom coring services at the drilling location if required by Contractor.	4
12. Fuel, oil, greases, lubes and hydraulic fluid for Contractor's equipment and Operator's equipment.	
(a) All fuel (including mobilization fuel)	4
(b) Oil, greases, lubes & hydraulic fluids for Contractor's Items.	1
(c) Oil, greases, lubes & hydraulic fluids for Operator's Items.	4
(d) Soap, degreasers, cleaner solvents, and pipe dope.	1
13. Water (in excess of rig's capacity) for drilling, wash down and cementing.	4
14. Drilling fluid and additives including lost circulation material.	4
15. Mud logging services.	4
16. Normal welding services required on Operator's Items to the extent available from Contractor's Personnel.	1

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17.	Welding materials used on Operator's Items.	3
18.	Pneumatic hoses between supply vessels and Drilling Unit for unloading fuel, water, bulk cement and mud materials including repair and replacement of same. (a) Initial Hoses. (b) All Replacements.	1 2
19.	Mooring system between supply vessels and Drilling Unit including repair and replacement: (a) Initial Mooring System. (b) All Replacements.	1 2
20.	Pre-slung cargo and pre-slung cargo baskets for use in transporting Contractor's Items to and from supply vessels.	1
21.	Pre-slung cargo and pre-slung cargo baskets for use in transporting Operator's Items to and from supply vessels.	4
22.	Towing service for all Drilling Unit moves, as approved by Contractor's insurance underwriters. (a) Rig Movers, as approved by Contractor's insurance underwriters.	4 1
23.	Tow lines and bridles.	3
24.	Anchor setting and retrieving with marine vessels including anchor handling crews if required.	4
25.	Additional anchors and buoy lines, if required, including all repairs and replacement.	3
26.	Transportation and inspection of Contractor's drill pipe, drill collars and other in-hole equipment (per Appendix B) according to API-IADC standards before operations commence under this Contract, if required.	1
27.	Inspection, transportation, repairs and/or replacement of Contractor's drill pipe, drill collars and other in-hole equipment (per Appendix A-1) according to the same API-IADC and DS1 Category 5 standards (a) Before the Commencement Date. (b) After operations commence under this Contract at reasonable intervals as may be requested by Operator and upon termination of this Contract.	1 4
28.	Drill pipe casing protectors on Contractor's drill pipe (one per joint inside casing).	4
29.	Drill pipe casing protectors on other drill pipe furnished by Operator, if required.	4
30.	Kelly saver-sub rubbers and replacements for kellys furnished by Contractor.	1
31.	Drill pipe wipers.	1
32.	Fishing tools other than provided by Contractor as set forth in Appendix B.	4
33.	Repair and/or replacement parts for any Contractor-furnished fishing tools.	3
34.	Drilling bits, stabilizers, hole openers, reamers, under-reamers, well scrapers, drilling bumper subs, drilling safety joints, hydraulic drilling jars, and other special in-hole equipment, including replacement parts and repairs for same.	4
35.	Directional surveying equipment and service.	4
36.	Deflection drilling tools and service.	4
37.	Drill pipe, drill collars and handling tools other than those specified in Appendix B.	4
38.	Blowout prevention equipment other than as listed in Appendix B.	4

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39.	Wellhead equipment and supplies.	4
40.	Tubular goods, hangers, packers and accessories.	4
41.	Casing shoes, float collars, baskets, centralizers, scratchers, scrapers, baffles and other casing accessories.	4
42.	All casing tools for all sizes of casing.	4
	(a) All transportation, repairs and replacements, if used.	4
43.	Tubing tools, including slips, elevators, power tongs (or jaws for Contractor's power tongs), wrenches, tubing pipe wipers and tong dies.	4
44.	Swabbing equipment, including lubricator, swab valve, swabs, oil savers, sinker bars, rope sockets and jars, if required (except sand line).	4
45.	Swab rubbers and oil saver rubbers.	4
46.	Core barrels and handling tools.	4
47.	Core heads and core catchers.	4
48.	Electric logging unit, maintenance of unit and logging services.	4
49.	Wire line formation testing and sidewall sampling equipment and services.	4
50.	Drill stem test equipment and services.	4
51.	Gun and perforating services.	4
52.	Cement and cementing services.	4
53.	Cement Unit.* *NOTE: If Operator uses the services of a cementing service company other than the owner of the cementing unit on board, <u>any</u> charges imposed upon Contractor by the owner of the cementing unit as consequence thereof shall be for the Operator's account.	3
54.	Repair and maintenance of Contractor-furnished cementing unit.	N/A
55.	Labor (other than Rig Crew) to install servicing equipment by Operator aboard the Drilling Unit and for later removal, if required, such as, but not limited to: Cementing Unit, Electric Logging Unit, Mud Logging Unit, Diving Equipment, Well Testing System.	4
56.	Supplies and materials for initial installation of Operator's Items.	4
57.	Well testing system complete with separators, heaters, gas vents, metering, piping and valves, oil and/or gas burner, necessary booms, piping igniters, fabrication and installation.	4
58.	Test tanks for well fluid.	4
59.	Administrative center including offices, office furniture, equipment and supplies for Contractor's Personnel, warehousing and storage yard at Operating Base for Contractor's Items, if required.	1
60.	Administrative center including offices, office furniture, equipment and supplies for Operator's Personnel, warehousing and storage yard facilities for Operator's Items.	4
61.	Port facilities and dockside area in vicinity of Operating Base for loading and unloading of Contractor's and Operator's Items on and off supply vessels.	4

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62.	Transportation for Contractor's Items and Personnel: (a) Routine transportation from point of origin to Operating Base. (b) Routine transportation from Operating Base to & return from dockside and/or heliport. (c) Routine transportation from one Operating Base to another. (d) Temporary lodging including meals, if required, and transportation from Operating Base to and return from dockside and/or heliport and between Operating Base during evacuation due to weather or other safety reasons. (e) Emergency transportation for both Operator (and Operator's Personnel), as required. (f) Emergency transportation for Contractor (and Contractor's Personnel), as required. (g) Special transportation for crews to Operator's shore base if rig personnel's cars are at a different location because of rig moving locations including initial mobilization to Operator's first location.	1 4 1 3 or 4 4 4 4
63.	Transportation for Operator's Items and Personnel to dockside at Operating Base or point of departure and return.	4
64.	Dockside labor and equipment at Operating Base to load and unload Contractor's and Operator's Items from or to land transportation and from or to supply vessels.	4
65.	Marine transportation for Contractor's and Operator's Items and Personnel from dockside to Drilling Unit and return with supply vessels supplied by Operator: (a) Crew boats to transport personnel of Operator and Contractor, if required; (b) Standby boat, if required.	4 4 4
66.	Marine transportation for Contractor's Personnel between Drilling Unit and Operations Base during evacuation due to weather or other safety reasons.	4
67.	Storage space at dock site for Contractor's Items.	1
68.	Storage space at dock site and Operating Base for Operator's Items.	4
69.	Onshore transportation for Contractor's shore based personnel.	1
70.	Onshore transportation for Operator's shore based personnel.	4
71.	Fees, licenses, port fees, wharfage fees, harbor fees and costs or similar charges including any sales taxes or clearing agent or brokerage fees relating to Contractor's Items and replacements or spare parts.	1
72.	Fees, licenses, pilotage fees, wharfage fees, harbor fees and cost or similar charges including any sales taxes or clearing agent or brokerage fees relating to Operator's Items and replacements or spare parts.	4
73.	Communication Systems: (a) Radio system from Drilling Unit to supply vessel and supply vessel to Operator's Operating Base office or direct to Operating Base, including permits and licenses. (b) Radio system from Drilling Unit to Contractor's office or shore base, including permits and licenses. (c) Radio operators. (d) Rig based telephone and computer lines for Operator and Contractor use. (e) Gai-tronics phone system on rig.	4 1 4 4 1

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74.	All helicopter transportation as required including medical evacuation (a) Non-directional beacon for helicopter operations.	4 4
75.	Helicopter refueling system aboard Drilling Unit including helicopter fuel tanks, fuel tank stand, fuel pump filters, hoses and grounding systems.	4
76.	Helicopter fuel and lubes.	4
77.	Special or additional helicopter safety equipment aboard Drilling Unit.	4
78.	Diver services as required.	4
79.	Meals and quarters for all of Contractor's Personnel and up to and including two (2) per day Operator's Personnel.	1
80.	Meals and quarters for Operator's Personnel and Operator's third party personnel in excess of two (2) per day to be charged at: (a) \$35 per meal (b) \$35 per bed per day (c) \$140 per person per day for three meals and a bed	3 3 3
81.	Waste storage, removal and disposal, including any required registration and permits.	4
82.	Insurance as provided in Appendix E.	1
83.	Additional Galley & BR. personnel per Appendix C.	3
84.	Maintenance, replacement and repair including repair parts: (a) Of Contractor's surface equipment; (b) Rams in Contractor's BOP's except for initial sizes. (c) Replacement of Contractor's Annular BOP rubber if damaged by stripping pipe.	1 3 3
85.	Extra labor (in excess of supply vessel's personnel) required aboard supply vessels when alongside Drilling Unit to unload or load Contractor's and/or Operator's Items.	4
86.	Anchor piles, if required, and placement of same.	4
87.	Subsea and well control equipment: (a) Well head equipment; (b) Wellhead connector from BOP stack to wellhead; (c) Subsea running tools for wellheads if required; (d) Wellhead temporary guidebase, if required; (e) Wellhead guidepost structure, if required; (f) Jetting tools for drilling in conductor casing, if required; (g) Guide arms and bushings for drilling conductor hole and running conductor. (h) Casing if required. (i) 11" blowout preventors, 5,000 p.s.i. (j) 7-1/16" blowout preventors, 5,000 p.s.i. (k) Repair and/or replacement for items for (a) through (j).	4 4 4 4 4 4 4 4 4 4 4
88.	Screens (a) For shale shakers, above 80 mesh. (b) All mud cleaners.	3 3

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89.	Weather forecast services (if required).	4
90.	Engineering drawings as may be required by Contractor for Operator's location showing rig elevation and plan views including any and all sea floor and platform required views.	1
91.	Conductor drive hammer and accessories (if applicable), including: transportation repairs and/or replacement.	4
92.	Trash compactor.	1
93.	Trash compactor bags.	2
94.	Swaco Hydraulic Choke.	1
95.	Mud Pump Liners & Swabs, other than the initial size.	3
96.	Casing rams for all casing sizes.	4
97.	Additional Mud Pump other than in Appendix B.	4
98.	Hydraulic Power Swivel for workover (other than Top Drive Unit).	4
99.	Boots, coveralls, slicker suits, safety glasses, safety goggles & face shields and all personal protective equipment (PPE) for personnel exposed to oil base mud or completion fluids. Including additional "housekeeping" items.	4
100.	Instrumentation on board unit, pvt, chart recorders, gas detectors.	1
101.	Porta-Powers, four (4) – 100 ton for lifting rig floor for caisson driving.	4
102.	Beam clamps to secure false rotary for caisson driving.	4
103.	Diverter system including valves, overboard lines, controls and replacement parts.	4

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Appendix B
Insurance Requirements

The terms and conditions of each type of insurance coverage required by Article X of the Master Domestic Offshore Daywork Drilling Contract (the "Master Contract") and this Appendix B are set forth below. Contractor represents that the navigation and territorial limits of such insurance coverage are sufficient to cover all work considered under this Contract. "Operator" as used in this Appendix "B" shall have the same meaning as the definition set forth in Paragraph 101(o) of the Master Contract.

1. Workers' Compensation Insurance, with statutory limits in accordance with all applicable State, Federal and Maritime laws, and Employer's Liability Insurance in an amount of at least \$25,000,000 for each occurrence. Such insurance shall be endorsed specifically to include coverage for the following:
 - (a) Occupational disease.
 - (b) U. S. Longshore's and Harbor Workers' Compensation Act.
 - (c) Outer Continental Shelf Lands Act.
 - (d) Jones Act, General Maritime laws and Death on the High Seas Act coverage.
 - (e) Transportation, wages, maintenance and cure endorsements.
 - (f) Voluntary Compensation endorsement.
 - (g) "In rem" endorsement stating that an action "in rem" shall be treated as a claim against the insured "in personam."
 - (h) Alternate employer " endorsement.
 - (i) All states endorsement.
2. Commercial General Insurance, in an amount of at least USD \$25,000,000 for any one accident. Such insurance shall be amended specifically to include coverage for the following:
 - (a) Sudden and accidental pollution liability.
 - (b) "In rem" endorsement stating that an action "In rem" shall be treated as a claim against the insured "in personam".
 - (c) "Watercraft exclusion" for owned and non-owned vessels provided by Contractor shall be deleted.
3. Business Automobile Liability Insurance, including but not limited to all owned, hired and non-owned vehicles or mobile equipment operated or provided by Contractor, with minimum limits of \$10,000,000 for each accident.

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4. Equipment/Drilling Unit Endorsement, covering "all risks" of physical loss or damage for the Drilling Unit and Contractor's Items used during operations for work under this Contract.
5. Removal of Debris and/or Wreck Insurance in an amount of at least \$40,000,000 (excluding Named Windstorms). Such insurance shall be endorsed specifically to include coverage for the following:
 - (a) Coverage for costs and expenses in connection with removal of debris and/or wreckage where required by law, governmental regulations, or contract.
 - (b) Coverage for cost and expenses in connection with removal of debris and/or wreckage where required for the continuation of Operator's ongoing operations or required by law.
6. Excess Liability Insurance in addition to and in excess of the liability coverages required in item numbers 1-5 above, with a combined single limit of liability for bodily injury and property damage of not less than \$50,000,000 any one occurrence. It is hereby agreed by the Contractor that should the excess liability insurance coverage in Contractor's insurance policies purport to limit Company Group's coverage to any minimum limits or coverage amounts required by written contract, then the minimum limits and/or coverage required in this Contract shall automatically be amended to the maximum limits and coverage in Contractor's insurance policies.
7. Operator shall be included as additional insured for Items #2-6 above, but only to the extent of the liabilities assumed by Contractor under this Contract. In addition, Contractor's insurers will waive their rights of subrogation in favor of Operator, but only in respect of operations by or on behalf of Contractor or facilities owned or provided by Contractor and only to the extent of the liabilities assumed by Contractor under this Contract.
8. Any other insurance required by the laws of any location where Contractor is operating the Drilling Unit. Insurance required herein are the minimum limit and types of coverage required of Contractor and Contractor shall obtain any additional limits or type of coverage which shall protect Operator and itself from the hazards of its operations.



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Appendix C
Contractor Safety Program

A. Purpose and Scope

- A.1** The purpose and scope of these requirements is to establish safety and environmental requirements for contractors to be able to work on Fieldwood Energy owned or managed properties.

The objectives of these requirements are to ensure that all contractors and subcontractors working on Fieldwood Energy's facilities/work sites have programs in place to comply with the Bureau of Safety and Environmental Enforcement (BSEE) Safety and Environmental Management Systems (SEMS) requirements or other applicable safety and environmental regulations, laws, rules and standards of agencies having jurisdiction at locations, their employees are adequately skilled and knowledgeable to safely perform their assigned job task functions, to ensure that safety and environmental policies have been established and to ensure that contractor's management is committed to safety.

B. Written Safety and Environmental Programs

- B.1** Contractors shall develop and implement written safety and environmental management programs which must include but not be limited to the following:

- Management Commitment
- Written Safe Work Practices specific for work to be performed in compliance with applicable OSHA, BSEE, U.S. Coast Guard, EPA and other applicable government agencies.
- Training Program to include an employee Skills and Knowledge Verification process
- Drug and Alcohol Prevention Program (DISA)
- Hazard Recognition Program to include JSA (Job Safety Analysis)
- Stop Work Authority Program
- Incident Reporting and Investigation Program
- Operating Procedures for Equipment
- Mechanical Integrity Program
- Management of Change (MOC)



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C. Training Requirements

- C.1 Contractor's personnel (and those of all subcontractors) shall be skilled and knowledgeable for the tasks or activities to be accomplished. This includes being in compliance with appropriate safety and environmental training codes, standards, laws and regulations as required by governmental agencies having jurisdiction at the work site (e.g., BSEE, USCG, EPA, DOT, OSHA) as well as Fieldwood Energy's Contractor Training Requirements.
- C.2 A Training Matrix has been established to identify minimal training requirements for contractor personnel performing work on Fieldwood Energy properties. Contractors should refer to Fieldwood Energy's SEMS portal for the latest version of the Training Matrix and must verify the training requirements are met for the appropriate job titles (functions).

D. Safety and Environmental Management Systems (SEMS) - Contractor Requirements

- D.1 Fieldwood Energy has established very specific contractor safety and environmental management requirements in order to provide for the safety of all personnel and to comply with current safety and environmental regulations. Below are specific requirements as part of the SEMS contractor agreement/bridging process. A detailed description and compliance guide can be obtained from the Fieldwood Energy SEMS portal or by calling Fieldwood's EH&S department.

D.2 Requirements

- D.2.1 Contractors performing activities on-site offshore must participate in the ISNetwork Review and Verification, as well as the Training Qualification (TQ) processes;
- D.2.2 Contractor must review Fieldwood Energy's Safety and Environmental Management System (SEMS), related SEMS requirements, Safe Work Practices and must perform all contractual obligations in accordance with such Fieldwood Energy programs;
- D.2.3 The Contractor must communicate identified hazards to all affected personnel (including Contractor, Operator and 3rd Party personnel) prior to performing oil, gas and sulphur operations for Fieldwood Energy;
- D.2.4 The Contractor must comply with all applicable safety and environmental regulations, laws, rules and standards of agencies having jurisdiction at locations where work is conducted for the Operator;
- D.2.5 The Contractor must verify and provide documentation upon request that its personnel and any subcontractors performing work for Fieldwood Energy have the skills and knowledge to perform their assigned duties in a safe and environmentally sound manner, has documented such, and that the information contained therein is accurate, timely and reflective of all appropriate safety and environmental training codes, standards, laws and regulations as required by governmental or regulatory agencies having jurisdiction at the work site (e.g., BOEM, BSEE, USCG, EPA, DOT, OSHA);



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- D.2.6 The Contractor must have written safe work practices that help minimize the risk to personnel and the environment for all work conducted for Fieldwood Energy, and all activities performed by the Contractor will be conducted in accordance with those safe work practices;
- D.2.7 The Contractor must require all personnel performing work for Fieldwood Energy to undergo periodic retraining and skill assessments, in accordance with Fieldwood Energy's Training Requirements for On-Site Contractors (Training Matrix), to ensure adequate retention of the skills and knowledge required to perform their assigned duties;
- D.2.8 The Contractor must obtain and/or develop written operating procedures to ensure the safe operation of critical equipment that is operated and maintained by the Contractor whether or not that equipment is owned by the Contractor or any Third Party. Critical equipment, per Appendix D of API RP 75, is defined as: "Equipment and other systems determined to be essential in preventing the occurrence of or mitigating the consequences of an uncontrolled release." Such equipment may include vessels, machinery (compressors, mud pumps, fire pumps, etc.), piping, blowout preventers, wellheads and related valving, flares, wireline equipment, coil tubing equipment, fluid management equipment, safety systems, alarms, interlocks, fire protection equipment and other monitoring, control and response systems.
- D.2.9 The Contractor must periodically review their written operating procedures used to operate critical equipment to ensure they reflect actual operating conditions;
- D.2.10 The Contractor must develop and implement a written mechanical integrity program for any critical equipment that will be maintained and operated by the Contractor. Such a program must include, as applicable:
- The design, fabrication, procurement, installation, testing, calibration and inspection criteria and limits;
 - The basis for maintenance (manufacturer's recommendation, industry standards, etc.
 - A quality assurance program to ensure the mechanical integrity and safe operation of the Equipment;
- D.2.11 All documents required per 30 CFR 250, Subpart S and API RP 75 will be maintained in an orderly manner, will be readily identifiable, retrievable, and legible, and will be available for review on request by Fieldwood Energy or appropriate regulatory authorities. Examples of such documentation include, but are not limited to:
- Safe work practices and policies;
 - Training records, including certifications for specialty work, as applicable;
 - Verifications that personnel are skilled and knowledgeable in their assigned duties;
 - Approved Job Safety Analyses (JSAs) as required;



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- D.2.12 For oil, gas and sulphur activities performed on Fieldwood Energy's *facilities* and on a Contractor's *facility* on the OCS the Contractor agrees to the following, where "facilities" is defined to include all types of offshore structures permanently or temporarily attached to the seabed (*i.e.*, mobile offshore drilling units; floating production systems; floating production, storage and offloading facilities; tension-leg platforms; spars used for exploration, development, production, and transportation activities for oil, gas, or sulphur from areas leased in the OCS, as well as wells, structures, living quarters, drilling and workover packages, process equipment, utilities and DOI regulated pipelines (except as noted in API RP 75 section 1.3.1.1):
- D.2.13 The Contractor must conduct, keep current and provide upon request to Fieldwood Energy Hazards Analyses (including Mitigation plans) of the Contractor's facilities and ongoing operations;
- D.2.14 The Contractor must manage and document all changes to the Contractor's facility that are directly involved in performing oil, gas and sulphur activities for Fieldwood Energy;
- D.2.15 The Contractor must develop and communicate an Emergency Action Plan to all personnel on the Contractor's facilities;
- D.2.16 The Contractor must conduct Job Safety Analysis (JSA) to identify potential task specific hazards associated with the work to be performed and must include the steps required to mitigate the hazards identified. Copies of all JSAs must be kept at the work site and be readily accessible for at least 30 days to all personnel involved with the work. The Contractor must also maintain copies of all completed JSAs for at least 2 years.
- D.2.17 The Contractor must conduct routine safety meetings to communicate safety expectations, incidents, near miss reports, prevention, safety alerts, etc.
- D.2.18 The Contractor must immediately notify a Fieldwood Energy representative by whatever means of communication is most expedient, and shall maintain written records in addition thereto, of any incidents resulting in the following:
- Fatalities
 - All injuries that require the evacuation of the injured person(s) from the facility to shore or to another offshore facility
 - All losses of well control
 - All fires and explosions
 - All reportable releases of H2S gas
 - All collisions
 - All incidents involving severe structural damage
 - All incidents involving crane or personnel/material handling operations
 - All incidents that damage or disable safety systems or equipment
- D.2.19 Contractor is required to complete Fieldwood Energy incident reports and provide additional information as necessary in order to determine root cause and corrective



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actions.

E. Personal Protective Equipment (PPE)

Contractor shall provide its employees and personnel with proper PPE for them to perform their jobs safely. Contractor shall also ensure that its employees and personnel are trained in the proper use and maintenance of all PPE issued. The following is only the minimum PPE required to work on facilities owned, operated or managed by Operator or any of its affiliated or subsidiary companies. Any additional job specific PPE (face shields, goggles, respiratory protection, fall protection, hand protection, gas monitors, etc.) required by Operator, governmental regulations or hazard assessments shall also be provided by Contractor.

Minimal PPE Requirements for contractors:

- Safety Glasses - Safety Glasses shall comply with ANSI Z87.1 - 1989, as such may be updated or modified from time to time, and shall be worn in areas where personnel are exposed to flying particles and/or when working around pressurized process equipment, piping, pumps, etc.
- Hard Hat - Hard hats shall comply with ANSI Z89.1 - 1997, Type 1 requirements, as such may be updated or modified from time to time, and shall be worn at all times when working on Operator facilities or work sites.
- Safety/Steel Toe Shoes / Boots - Safety/Steel toe shoes / boots shall comply with ANSI Z41 - 1991, as such may be updated or modified from time to time, and shall be worn at all times when working at any facility or work site owned, operated or managed by Operator or any of its affiliated or subsidiary companies.
- Hearing Protection - Hearing protection is required in high noise areas or areas that are posted as requiring hearing protection.
- Personal Flotation Devices (PFD's) - USCG Type 1 or 5 are necessary for any Work or portion thereof that is to be performed outside the handrails, on +10 level of offshore platforms, during personnel transfers to and from offshore platforms and while boarding and exiting boats from boat landings.

F. Inspections/Audits

In addition to any right provided elsewhere in the Contract or otherwise available by law, Operator reserves the right to inspect/audit the Environmental, Health and Safety activities of all contractors and subcontractors who work on any properties, facilities or premises owned, operated or managed by Operator or any of its affiliated or subsidiary companies. Operator or third party auditing teams or individuals may conduct these inspections/audits.



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The objective of conducting an inspection/audit is to assess Contractor's compliance with applicable Operator, governmental and regulatory requirements and to prevent adverse environmental and safety incidents.

F.1 Field Inspections/audits

Operator may have field inspections conducted so that the inspector(s)/auditor(s) can:

- Physically observe the Work or any part thereof that Contractor, or any of its subcontractors or personnel, is performing.
- Assess Contractor's performance of Work, or any part thereof, according to applicable Operator, governmental or regulatory requirements.
- Advise Contractor regarding any deficiencies that are observed and require that such be corrected.

Operator may conduct field inspections at any time and from time to time as Operator, in its sole discretion, may deem necessary or appropriate to maintain compliance with the applicable requirements of Operator or any governmental or regulatory agency or body.

F.2 Office Audits

Operator may have office audits conducted:

- To verify information that Contractor certifies as having when completing this Contractor Safety Program Requirements agreement.
- To check Contractor's documentation of training, safety meeting attendance, accidents, equipment inspections, safety program elements, etc.
- To share environmental, safety and health philosophies.



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G. Contractor's Acknowledgement and Agreement

Contractor hereby acknowledges receipt, recognition and understanding of the minimal safety and environmental requirements set forth in this Contractor Safety and Environmental Requirements for working on any facilities/ work sites owned, operated or managed by Operator or any of its affiliated or subsidiary companies. Contractor represents and warrants that it is currently in compliance with the requirements set forth herein and that Contractor shall continue to comply with these requirements for so long as Contractor may perform work for or on behalf of Operator or any of its affiliated or subsidiary companies. Contractor further recognizes and acknowledges that the requirements set forth herein are minimal requirements and additional precautions or safety procedures may be needed to secure the safety of Contractor's employees and personnel; and Contractor agrees that it will establish such additional precautions or safety procedures as necessary or appropriate.

Contractor's Management Signature

Print Name: _____ Title: _____
Signature: _____ Date: _____
Phone Number: _____ Fax: _____

Contractor's Safety Management Signature

Print Name: _____ Title: _____
Signature: _____ Date: _____
Phone Number: _____ Fax: _____

Contractor's Information

Name of Contractor: _____
Type of Work Provided to Operator: _____



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Attached to and made part of the Master Domestic Offshore Daywork Drilling Contract dated **October XX, 2018** between Fieldwood Energy LLC and Atlantic Maritime Services LLC

Appendix D
Operator's Search and Seizure Policy

**NOTICE TO ALL PERSONNEL WORKING ON OPERATOR OWNED OR
OPERATED PROPERTIES**

It is the Operator's belief that the misuse of drugs, alcohol, or any substance having a physiological, psychological, or biochemical effect impairs a person's health and performance and creates unsafe working conditions. Operator is committed to maintaining a productive, safe and healthy work environment, free of unauthorized drug and alcohol usage. In order to achieve this objective, Operator has adopted a Drug and Alcohol Policy. All Operator Personnel and Contractor Personnel are required to comply with the policy.

The use, possession, distribution or sale of unauthorized drugs by anyone while on Operator premises or while engaged in Operator business is prohibited. A person reporting for work on Operator premises with unauthorized drugs and/or alcohol in his/her body is in violation of this policy.

Reporting to work while under the influence of alcohol by any person is prohibited. The consumption or possession of alcohol in unsealed or opened containers on Operator premises is prohibited. No alcohol is allowed at any offshore location.

For the purpose of this policy, the term "unauthorized drugs" shall mean any substance, other than an authorized substance, which has the effect on the human body of being a narcotic, depressant, stimulant, hallucinogen or cannabinoid, their precursors, derivatives or analogues, and includes, but is not limited to, those substances scheduled as controlled substances pursuant to the Federal Controlled Substances Act.

"Authorized substances" are substances having a physiological, psychological, or biochemical effect that are lawfully prescribed or that are available without a prescription, that are lawfully obtained by an individual and that the individual possesses and uses in the appropriate manner, in the dosages and for the purposes for which the substances were prescribed or manufactured.

It is each person's responsibility to notify his or her supervisor in writing when that person is taking any prescription or non-prescription medicine or substance which may impair judgment or performance or otherwise adversely affect the normal functions or his or her mental faculties or physical abilities.

In enforcing the policy, searches of persons and their property on Operator premises, work area searches, and laboratory testing are authorized. Any person who refuses, when requested, to cooperate with a search or to submit to laboratory testing shall be deemed to be in violation of the policy. Operator reserves the right to conduct unannounced personal searches. Entry upon Operator's premises by Contractor Personnel will be deemed to constitute consent by such persons to personal searches pursuant to this policy.



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A personal search includes inspection of any personal property of Contractor Personnel located on Operator premises including, but not limited to, their personal effects, lockers, baggage, desks, lunch boxes, containers, purses, billfolds, parcels, or vehicles if on Operator premises.

Any person charged with or under investigation in connection with a drug-related or alcohol-related criminal offense may be required to submit to laboratory testing.

Any person possessing food, supplies, or tools not belonging to them, at a time when such items should not be in their possession, is subject to disciplinary action.

Firearms are prohibited on all Operator premises. Without limiting the generality of the foregoing, Contractor Personnel may not possess firearms on their person, or in their personal effects, lockers, baggage, desks, lunch boxes, containers, purses, parcels, or vehicles if on Operator premises.

Operator shall have the right to require a Contractor to remove from the operations under this Contract any of Contractor's or Contractor's own contractors' or subcontractor's, employees, servants, agents or invitees, which Operator in its sole judgment, shall consider in violation of this policy.

A handwritten signature in dark ink, appearing to be a stylized 'R' or similar character, located in the bottom right corner of the page.